

Public Course Rounds Played Report



Melbourne Year End 2013



Introduction

There are over 100 public golf facilities across the metropolitan markets in Australia being offered to the golf consumer on a daily basis. Generally defined as a facility owned by a Council or a Government entity, to date there has been limited information published regarding the annual outcomes being achieved by this market in Australia.

Following on from the delivery to the industry of monthly competition rounds outcomes and trends for all states and metropolitan markets across Australia, the Australian Golf Industry Council (AGIC) is keen to continue to provide to the industry more macro market performance data that can assist individual facilities with their own decision making and assessment of performance.

The AGIC is therefore pleased to present the 2013 Melbourne Public Course Rounds Report, the first of a number of planned reports that focus on current public golf outcomes in Australia's major metropolitan cities. With over 40 of these courses located in metropolitan Melbourne this market is one of the key and most competitive public course markets in Australia.

Report Author

Seeking independence of project delivery, data analysis and subsequent interpretation with this project, the AGIC engaged Jeff Blunden Advisory Services (JBAS) to draft this report. JBAS is also responsible for delivery of the club competition rounds analysis and reports published by the AGIC.

Data Profile

In January this year a survey was sent to 38 of the key public facilities in the Melbourne market. The survey sought to establish the rounds and pricing trends presently evident in this market. 17 responses were received to the survey.

The only identifier requested within the survey was the facility's geographic location and size. Based on the responses received, in order to protect against individual facility identification, this information has been further aggregated.

The resultant market profile by geographic area summarised in the following table.

| Region | Facilities |
|--------------|------------|
| North East | 7 |
| South East | 6 |
| Other | 4 |
| Total | 17 |

Note: The 'Other' classification includes the Mornington and Bellarine Peninsulas along with western Melbourne.

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Year End 2013 Results

...Green fees achieved across the market averaged \$23.66 (ex GST), ranging from a low of \$12 to a high approximating \$40...

Survey responds reported for the twelve month period to end December 2013 that approximately 657,000 rounds were recorded for the year. On a facility basis, rounds averaged approximately 38,600, ranging from a low of 9,000 rounds to a high of over 75,000 rounds.

Green fees achieved across the market averaged \$23.66 (ex GST), ranging from a low of \$12 to a high approximating \$40. Market rounds played and green fee outcomes are summarised below along with low (25th percentile) and high (75th percentile) outcomes.

| Measure | Rounds Played | Average Green Fee |
|-----------------|---------------|-------------------|
| Market Average | 38,654 | \$23.66 |
| 25th Percentile | 26,850 | \$16.56 |
| 75th Percentile | 52,599 | \$36.25 |

Source: AGIC Survey, JBAS

The average outcomes achieved by region are summarised below.

| Region | Facilities | Total Rounds Played | Average Rounds Played | Average Green Fee |
|--------------|------------|---------------------|-----------------------|-------------------|
| North East | 7 | 324,346 | 46,335 | \$17.53 |
| South East | 6 | 222,025 | 37,004 | \$23.42 |
| Other | 4 | 110,750 | 27,687 | \$43.82 |
| Total | 17 | 657,120 | 38,654 | \$23.66 |

Source: AGIC Survey, JBAS

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Recent History

Survey respondents were asked to identify the general rounds and green fee trends they had experienced for the past five year period.

Rounds:

Approximately 60% of respondents indicated that rounds trends had been flat to declining, with near 20% indicating significant declines of over 10% (2% per year) has been experienced.

Green Fees:

Approximately 50% of respondents indicated that green fees had been flat to declining. 31% indicated that growth had been achieved with 13% indicating growth of over 10%.

Growth over 2012

For the twelve month period to end December 2013 slight growth of 1% in total rounds played was achieved, with an additional 5,000 rounds played across the market. Green fees achieved averaged 2% growth.

Combined, the demand and pricing increases saw green fee revenues increase by approximately \$415,000 across the survey sample set. Growth outcomes for rounds played and green fees are summarised by region below.

| Region | Average Rounds Played | Average Green Fee |
|--------------|-----------------------|-------------------|
| North East | 0.5% | 5.1% |
| South East | 0.7% | 0.8% |
| Other | 1.8% | -1.1% |
| Total | 0.8% | 1.9% |

Source: AGIC Survey, JBAS

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Future Market Sentiment

Despite somewhat restrained recent performance, particularly regarding rounds demand, the view for the year ahead is a positive one. All surveyed operators are expecting to at least maintain demand levels with more than a third expecting at least 2% to 4% growth.

The most common constraint to further rounds growth noted by respondents was mid-week rounds demand.

Some operators are expecting green fee pressure with demand growth to come at a cost. This view is a limited one however with over 40% of operators expecting to achieve at least 2% to 4% growth in green fees.

| What level of growth do you expect to achieve in 2014? | Rounds | Green Fees |
|--|--------|------------|
| >+5% | 12% | 6% |
| +2% to +4% | 24% | 35% |
| Flat | 65% | 47% |
| -2% to -4% | 0% | 12% |

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...