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This report provides general information, current as at the time of production. WellPlayed and its consultants disclaim all responsibility and liability (including, without limitation, for any direct or indirect or consequential costs, loss or damage or loss of profits) arising from anything done or omitted to be done by any party in reliance, whether wholly or partially, on any of the information. Any party that relies on the information does so at its own risk.
1. Introduction

The City of Boroondara is in the inner eastern suburbs of Melbourne, between 5 and 10 kilometres east of the Melbourne CBD. The Council provides facilities, services and experiences to over 180,000 residents and to many visitors to the region.

Council provides a golf course for public use – Freeway Public Golf Course (Freeway Golf). Freeway Golf comprises an 18-hole golf course and golf facilities hub offering golf retail services and café-style hospitality. Camberwell Men’s and Ladies Golf Club are a community-based not-for-profit club based in the hub. The club play Mondays, Wednesdays, Thursdays and Saturdays all year round. The Harp Golf Club play every Sunday and are based off-site for social events.

North East Link Authority (NELA) is a Victorian Government authority. NELA is responsible for the planning, community consultation, design and construction management of the North East Link project – connecting an upgraded Eastern Freeway from Springvale Road to the M80 Ring Road.

NELA’s proposed design of the interchange at Bulleen Road and Eastern Freeway requires 2 golf holes at Freeway Golf being completely removed – Hole 2 (par 4) and Hole 3 (par 3). Also, Hole 1 would lose the entire greens complex and Hole 6’s fairway would potentially be impacted with road boundary works. As part of NELA’s proposed design, Boroondara Tennis Centre (another Council facility), located east of Bulleen road from the golf course, is planned to be demolished.

NELA has led an open space planning process for the ‘Bulleen Park’ which includes Freeway Golf and the Boroondara Tennis Centre. During this process Council officers have presented a design that, in conjunction with the road development, provides the ability to maintain the golf course as a viable 18-hole facility and retain the tennis facility, albeit in a new location.

NELA is considering Council’s response but during this process has questioned the future viability of golf and the need for Freeway Golf to remain as an 18-hole golf course. NELA has referenced the ‘Planning for Golf in Victoria - Discussion Paper (2017)’ in developing its position.

Council has now engaged WellPlayed Golf Business Consultancy to assist.

This report provides:

- Insights into wider-market performance regarding community impact, sport participation trends, golf participation trends, golf industry trends and future opportunities.
- Insights into local-market performance regarding population trends, golf round trends and Freeway Golf’s local catchment.
- WellPlayed’s opinion on the future viability of Freeway Golf.
2. Wider-Market Insights

Golf is one of Australia’s most popular participation sports. It delivers valuable wellbeing, social, environmental and economic benefit to local communities.

In recent years, nearly 2.1M Australians have ‘swung a golf club’ at a golf course, driving range, mini-golf course or virtual golf lounge.

Traditionally, the health of Australian golf has been viewed by many through the lens of ‘golf club membership’. Whilst this segment of the golfer population has experienced decline since the mid-1990s, consistent with other organised sports, it only represents 33% of the golfer market (played a round of golf) and 20% of the broader golf participant market (swung a golf club).

There are many opportunities for golf facilities to grow their business when properly positioned to take advantage of market trends. Whilst it is important for golf facilities to continue to provide golf experiences for the ‘traditional’ market, there is an opportunity to provide different golf experiences to target broader audiences and larger markets.

2.1 Community Impact

Based on an Australian Sports Commission review in 2015, it is evident that sport, and in turn golf, provides valuable participation opportunities which lead to a positive contribution to not only its participants, but also the wider community.

WellPlayed has summarised the community benefits from golf’s perspective:

- Golf promotes physical and mental wellbeing (particularly for older Australians) e.g. health, social interaction and self-esteem.
- Golf contributes to social and community development e.g. volunteering and inclusion.
- Golf provides valuable open and maintained green space areas e.g. flora, fauna and habitat.
- Golf stimulates local economic development e.g. financial contribution (operating surpluses), local employment, local goods and service suppliers, charitable support, and intrastate, interstate and international tourism opportunities.

In September 2017, the Australian Golf Industry Council (AGIC) released its research into the benefit that golf contributes to the community across three key areas of economic, health and social.

Key findings from AGIC’s Community Impact Study:

- Golf makes an economic contribution of $3.5B.
- Contribution to health in terms of dollars saved is significant for all golfers, including a ‘lifetime health contribution’ of $4.5B.
- Participation in golf provides:
  - Regular and cross-generational social interaction across the life-span.
  - A foundation to build a strong and connected community.
  - A strong connection to the outdoors and natural environment.
  - Opportunities to teach valuable life lessons and principles such as respect, honesty, etiquette and self-discipline.

An outline of the AGIC report is included in Section 5.1.1.
2.1.1 Golf and Health – International Consensus

The ‘2018 International Consensus on Golf and Health’ has produced one of the first wide-ranging global consensus statements for a sport, and engaged leaders at the intersection of health, sport, policy and golf to build this cross-sectoral agreement.

The need for a comprehensive, evidence-informed consensus summary of key issues, and key actions about golf and health was recognised by the World Golf Foundation and its constituent members who are golf’s global leaders.

The Consensus, published 23 September 2018, has generated various statements that have been agreed upon by international experts and can be used with confidence. An expert panel comprised 25 contributors to the 2018 International Conference on Golf and Health and had an expertise in one or more of public health/physical activity for health policy, the golf and health subject area, and the golf industry.

A sample of the statements include:

- Playing golf is associated with mental well-being benefits which can include improved self-esteem, self-worth, self-efficacy and social connections.
- Playing golf can contribute to healthy and active ageing, providing physical and mental health, cognitive, social, functional and other benefits.
- Golf offers opportunities for intergenerational connection, for social interaction and to support communities with events of interest.

The Consensus highlights what we know about golf and health, and what actions by players, facilities, the industry and decision makers can take to realise health benefits and minimise health risk related to golf.

Recommended key actions for facilities/industry and policy/decision makers. Source: Golf and Health Project
2.1.2 Golf and Health – City of Greater Geelong

In November 2017, WellPlayed completed research for the City of Greater Geelong. A survey was conducted to better understand relevant behaviours, opinions and the facility aspirations of the council’s golf facilities’ current customers and immediate local community.

279 responses were received. We acknowledge that the sample size is small and therefore do not represent the views of all current customers and community, but nevertheless the results do provide some insight into current consumer behaviours.

The results indicated that ‘golf was an important driver of health outcomes’:

- 54% of respondents said they’d be significantly less active if they didn’t play golf.
- 88% of respondents said playing golf was either very or extremely important to their health.
- Respondents were significantly more active than the general population.
  - Depending on age and gender, generally 50-60% of the wider population don’t meet National Physical Activity Guidelines (NPAG) – whereas only 25% in this sample failed to meet the NPAG.
- Were they to stop playing golf, respondents identified the main activities they would use to replace golf were walking, cycling, swimming and the gym.
  - We note, these are participated in mostly as individual activities – thus respondents would miss the critical benefits of relationship building that come with a social activity.

2.2 Sport Participation Trends

2.2.1 Sport Australia – AusPlay

Sport Australia (formerly Australian Sports Commission) is the government body currently responsible for tracking national participation data for sport and physical recreation via its AusPlay initiative. AusPlay is a national participation survey to help better understand sport participation trends in Australia, to inform policy decisions and guide strategy with a strong evidence base.

Sport Australia released the first AusPlay on 8 December 2016 for data collected from October 2015 to September 2016. On 31 October 2018 it released the latest AusPlay results covering data collected in the last financial year (FY2018):

A snapshot of AusPlay (FY2018) adult non-sport and sport participation results Source: Sport Australia
Based on the AusPlay results, and when compared to all sport activities, golf ranked the 5th most popular participation sport for adult (aged 15+ years) Australians.

Golf is a popular sporting activity for older Australians. When compared to other activities, golf increases in popularity as participants age:

![Graph showing age participation results for cycling, golf, and tennis.](image)

A snapshot of AusPlay (FY2018) age participation results (cycling, golf & tennis) Source: Sport Australia

Whilst golf is a popular sport for adult men (7.7% of the population) it is under-represented in the women’s participation category (1.7%). This reinforces the opportunity for golf to grow female participation:

![Graph showing adult female vs male participation results.](image)

A snapshot of AusPlay (FY2018) adult female v male participation results Source: Sport Australia

Also, whilst golf is ranked 2 for club sport participation (adults and children combined) behind football (soccer), and is ranked 1 for adult club sport participation, it is under-represented in the children’s club participation category; reinforcing the opportunity for golf to grow children’s participation.

**Victorian Participation**

Adult Victorians participate in golf more than the national average: 5.5% v 4.7%.
2.2.2 Sport Australia – Older Australians’ Participation in Sport and Physical Activity

Recognising that the health of the increasing number of Older Australians (aged 55+) is an important social and economic challenge facing Australia, Sport Australia released a report focused on Older Australians’ participation as part of the recent AusPlay results.

Key information from the ‘Older Australians’ Participation in Sport and Physical Activity’ report (2018)iv:

- Australia’s population is ageing. By 2030 Australia will have nearly 9 million residents aged 55+. That’s close to 2 million more than today.
- Overall, golf is in the top 10 sports and physical activities for Older Australians – 14% Men (rank = 3 (with cycling)) and 4% Women (rank = 7 (with bush walking and tennis)).
- Based on the top 10 sports and physical activities for Older Australians, golf participation rates are different for different life stages
  - Age 40-54: Female = n/a / Male = 8.3% (rank = 6)
  - Age 55-64: Female = 3.2% (rank = 10) / Male = 11.7% (rank = 5)
  - Age 65-74: Female = 4.7% (rank = 7) / Male = 16.0% (rank = 3)
  - Age 75+: Female = 4.1% (rank = 5) / Male = 13.4% (rank = 3)
- Extending a lifetime of good health enables Older Australians to continue to contribute socially, culturally and economically to the wider community.
- Sport and physical activity offer physical and mental health benefits for Older Australians and can be an enabler of their on-going community engagement.

An outline of the Sport Australia report is included in Section 5.1.2.

2.2.3 Intergenerational Review of Australian Sport (2017)

In recent years, Sport Australia has observed significant trends relating to sports participation, performance and consumption. To understand these trends and their impact in the future and to best prepare Australian sport to adapt for success, the Australia Sports Commission (now Sport Australia) engaged The Boston Consulting Group (BCG) to undertake ‘The Intergenerational Review of Australian Sport (IGRS)’ (2017)v.

BCG concluded that these trends are rapidly changing the environment in which sport operates and placing pressure on the sector to change. It proposed a new aspiration for Australian sport in 2036: *for Australia to be the most active sporting nation, known for its integrity, thriving sports organisations, continued exceptional international success, and a world-leading sports industry.*

To help achieve this aspiration, and what’s most relevant to golf, is the need for sporting organisations to drive sustained participation growth among all Australians, by:

- Modernising sport participation offerings;
- Expanding the participation rates of groups that are currently under-represented – by ensuring sport is more affordable for low income families, more accessible to migrant groups and more attractive to women;
- Reducing the drops in sport participation by creating more flexible, social sports offerings that provide fun, non-competitive pathways for recreational participants;
- Developing new low time-commitment offerings with a strong fitness component.

An outline of the ASC report is included in Section 5.1.3.
2.3 Golf Participation Trends

2.3.1 Australian Golf Industry Council

In 2015, AGIC engaged Nielsen Sports to undertake a research project to define the current golf consumer, size the potential golfer market and identify opportunities to increase golf participation.

The ‘2015 Golf Landscape Research™’ identified four key golf consumer segments - Golf Traditionalists, Variety Seekers, Incidental Players and Alternates:

<table>
<thead>
<tr>
<th>Segment</th>
<th>Market Share</th>
<th>Spend Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Golf Traditionalists</td>
<td>45%</td>
<td>40%</td>
</tr>
<tr>
<td>Incidental Players</td>
<td>24%</td>
<td>10%</td>
</tr>
<tr>
<td>Variety Seekers</td>
<td>20%</td>
<td>95%</td>
</tr>
<tr>
<td>Alternates</td>
<td>11%</td>
<td>5%</td>
</tr>
</tbody>
</table>

Source: AGIC 2015 Golf Landscape Research, WellPlayed analysis

AGIC’s research sized the golf market:

- 1.16 million people who have played a round of golf in the prior 12 months;
- 2.11 million people who have picked up a golf club to play or practice some form of golf in the prior 12 months (including the 1.16 million who had played a round of golf; and
- 3.87 million people have not played golf but would not reject playing golf in the future.

The 2.11 million were considered the current player market. Of this group, Golf Traditionalists and Variety Seekers make up the core golfer market and are the segments who dedicate a higher proportion of leisure time to golf and contribute the highest proportions of total golf consumer spend.

Golf Traditionalists are those who enjoy the pure form of the game. They are frequent and avid golfers and are skewed towards the male gender. Older Golf Traditionalists are more likely to become members of a golf club because they have less family pressure and more time available for golf.
Variety Seekers are also frequent golfers who appreciate the traditional game. Most of this segment are aged under 50 years, enjoy keeping fit and have families. Time pressures and limitations mean they seek flexibility and variety around their golf experiences to fit in with their busy lives.

Incidental players are infrequent golfers who have stumbled onto the game of golf. For many their first exposure to golf was through the visit to a driving range or attending a golf related event of some kind. They have a higher propensity to be younger in age and are yet to make a commitment to become a regular participant in the game.

Alternates generally have little interest in the traditional format of the game and are more likely to play mini golf for the social element (generally under 50 years and mostly female).

2.3.2 Golf Australia

Golf Australia is the government-recognised National Sporting Organisation responsible for golf in Australia.


Based on AusPlay results and previous national research, the report compares sports participation (at least annually) trends since 2001:

![Graph showing sports participation trends since 2001]

Source: Golf Australia

Whilst golf has demonstrated a small decline (together with tennis) for at least annual participation, it remains one of Australia’s most popular participation sports.
Relevant key findings from the participation report regarding golf club membership:

- Club membership numbers peaked in Australia in 1998 at approximately 500,000 golfers. Since then, a steady decline has materialised averaging 1.3% per annum.
- There has been a decline in the proportion of female members, from a high of 34% in 1970 down to 20% in 2017.
- The participation rate (total members divided by total population) peaked at 2.8% in the mid-1990s before declining to its current level of 1.6% as a result of a growing population and declining membership numbers.
- Reported member numbers for social clubs have increased over the past from 18,018 in 2013 to 22,288 in 2017, representing an average annual increase of 4.3%.
- The average reported age of club members is 57.5 years. The average age of male members (56.1) is eight years younger than females (64.1).

There has been a steady decline in club membership since the peak in the 1990s:

![Long-term golf club membership and participation rate trends since 1970; Source: Golf Australia](image)

**State and Territory Trends – Victoria**

In 2017, Victoria experienced a decline of 1,564 members, representing a 1.6% decline. The 5-year annual average movement has been a decline of 0.6%.

An outline of the Golf Participation report is included in Section 5.1.4.
2.3.3 Market Overview

Based on this overview, and together with AusPlay participation data (2017), Golf Australia’s national participation report ‘2016 Golf Club Participation Report’ and WellPlayed’s golf facility database, golf participation in Australia is summarised:

Source: AusPlay, Golf Australia and WellPlayed analysis

The traditional golf market of 1.16M participants comprises golfers affiliated with Golf Australia, i.e. ‘club playing members’ (course-based and social golf club members) and ‘casual golfers’ (non-affiliated golfers). Club playing members only represent 34% of the golf market. The market size of the ‘casual golfer’ and ‘swung a golf club’ combined = 1.71M (over 4x the size of club paying members).

It is clear Australians are now participating in golf in a variety of ways, and not just on golf courses. Driving ranges, mini-golf facilities and the emerging virtual golf centres all have an important role to play in providing golf participation opportunities to a broader audience.

Whilst it is important for golf facilities to continue to provide golf experiences for the traditional club playing market, the big opportunity for golf facilities is to provide different golf experiences to target broader audiences and larger markets.
2.3.4 Motivators

It is useful to understand why people are choosing to participate in golf. This knowledge can assist a golf facility as it considers the strategic opportunities relating to the facilities, services and experiences it offers.

Based on the recent AusPlay and 2015 Golf Landscape Research results as referenced, combined with specific research undertaken by WellPlayed, the main motivators for adults to participate in golf are:

- For the fun and social experience
- To get outdoors
- For the challenge (but not so much for competition)
- For health or fitness

Source: WellPlayed

It is interesting to note that ‘competition’ and ‘maintain an official golf handicap’ are very low motivators for golf participation. Historically some golf facilities, and particularly clubs, have placed a strong emphasis on competition play. The evidence clearly supports the need for golf facilities to offer a fun and social experience with less emphasis on competitions.

2.4 Golf Industry Trends – International

There are other trends impacting the wider golf industry and its future. WellPlayed have reviewed specific research and reports which are relevant:

  - A research project that delivers insights for the sustainable performance and development of commercial golf facilities in Europe
Initiated in 2014 and updated during 2016, the EGCOA research project recommends that golf facilities should promote:

- **Fun** – an important foundation experience for golf participation
- **Friendship** – social and community benefits from golf are critical
- **Flexibility** – for game engagement and membership offerings
- **Family** – important to attract families, females and juniors
- **Fore Health** – pushing the health benefits of golf
- **Forever** – for golf to stay profitable it must be sustainable

An outline of the report is included in Section 5.1.5.

### 2.4.1 USA Experience

WellPlayed attended the USA National Golf Course Owners Association (NGCOA) Annual Conference held in San Antonio in February 2015. This trip included a visit to the Golf Industry Show, along with golf facilities in Phoenix, San Antonio and Los Angeles. WellPlayed project team member Andrew Davies also attended the NGCOA Conference held in Orlando in 2014 and the NGCOA Conference held in San Diego in 2016.

Based on our observations, WellPlayed has identified trends present in the USA golf market aimed at driving participation and increasing golf facility visitations and revenue:

- **Diversification of participation and visitation activities**
  - Golf facilities are developing golf driving range activities to add gaming and entertainment elements to expand the offering beyond simply a game improvement activity via featured and interactive outfields
  - Enhancing golf tuition services with an increased development of golf academy or golf improvement centres
  - Other complementary golf formats are being developed and branded – Footgolf (soccer format) and Big-Hole Golf (increasing the golf hole from 4.5” to 8” or 15”) are examples of new branded concepts already offered in Australia

- **Diversification of revenue-generating activities**
  - Including short-format golf, golf leagues, golf retail, golf range automation, golf range food & beverage, golf range lounge and functions, interesting and interactive golf range outfields, variable pricing (peak / off-peak), golf coaching, casual food & beverage offers, commercial rental tenants, weddings, functions and events

- **Actively engaged in golf retail by providing competitive and quality on-site offers**

- **Providing on-line golf bookings, including booking via other partner websites and channels**

- **An emphasis on database growth and customer relationship management**
  - Constantly building the customer database and using that database as a primary communication tool

- **Viewing golf not just as a sporting activity, but as an ‘entertainment’ activity**
  - Complimented by flat-panel screens located in the range, food & beverage areas (TV, sports and entertainment) and breaking-down the traditional environment of a golf facility to deliberately cater to a younger audience
2.4.2 Topgolf USA

A key part of the USA trip in February 2015 was site inspections at Scottsdale and San Antonio Topgolf facilities (http://Topgolf.com). Branded as “The Ultimate Venue for Fun”, Topgolf is a golf driving range entertainment complex achieving extraordinary sales and growth in the USA market.

Featuring sports bar, function spaces and lounge facilities at each range bay, Topgolf takes the driving range experience and converts it into an entertainment venue – driving food and beverage sales to significant levels (turnover can be as high as USD$150k per night). With around 100 bays across three levels, each site is a full-distance range with artificial turf outfield punctuated by large targets.

The range building incorporates a sports bar, outdoor bar, guest lounges with games tables and gaming consoles, and multiple functions spaces.

A key innovation behind Topgolf and its success is the technology allowing it to create a series of game experiences for golfers. Range balls are tracked via microchips in each ball, and screens at each bay allow players to enjoy game formats for both single-person and multi-user play.
TV screens also present media content throughout the facility, creating a high-energy environment.

With visitation typically featuring 40% women, up to 85% non-golfers, and a significant proportion of 25-40 year-olds, Topgolf attract demographics often considered as 'lost' to golf. Whilst each site would require capital investment of $20-$30 million as a green-field installation, requiring a significant investment, principles from the success enjoyed by Topgolf can be applied to all golf facilities.

In June 2016 Village Roadshow announced it is partnering with Topgolf to open the first Australian venue on the Gold Coast. The $35 million destination opened in June 2018 and is the first of 6-8 that Village hopes to open in Australia in an exclusive partnership with Topgolf. 400,000-600,000 visitors are expected in the first year.

**2.5 Golf Industry Trends – Australia**

2.5.1 Evolution of the Driving Range

Based on WellPlayed's observations of both the USA and Australia golf markets, it is evident the traditional driving range experience is evolving from a focus on game improvement (practice and tuition) to become a form of golf play and golf entertainment. Whilst there is no current facility replicating Topgolf in Australia there are examples of innovation in this area.

*Moore Park Golf* in Sydney has installed a giant screen on its driving range to enhance its range experience, introduce ‘gaming’ elements and provide innovative tuition options. In May 2017, it completed a refurbishment of the driving range building and constructed a new synthetic-grass and featured outfield.

Another trend in driving ranges is the development of improved ball recovery and delivery infrastructure. Range-ball automation is a feature at Wembley Golf Course, offering customers a ‘ball serving’ feature and increasing ball purchase frequency and pricing.
Thornleigh Golf Centre in Sydney has a fully synthetic-grass outfield and automated sub-surface ball return. Whilst resulting in significant build costs, this eliminates the need for ball gathering machinery and staff, lowering operating costs substantially. Thornleigh also has a featured outfield.

Visitation is also being driven by increased product development. Facilities have introduced on-range games and increased diversity of tuition formats, including clinics and school-aged activities. Outfields are being improved with the addition of targets to encourage both more refined practice and competition amongst groups.

Signage throughout range facilities is also an important part of communication strategies, given the large volume of customers, and in some cases, is a source of commercial revenue through advertising and sponsorships.

Kingston Links' driving range in Melbourne has been substantially redeveloped with a focus on tuition. A paid-access short-game practice area has been built, and the 50-bay range (40 indoor, 10 outdoor bays) features dedicated teaching areas.

Some seating areas have been included in the range building, with a dedicated retail shop and operations facility operating separately to the existing golf course Golf Shop and café.

KDV-Sport (a privately-owned business) owns and operates Carrara Gardens Golf Course and Golf Academy located on the Gold Coast. This facility provides a 12-hole golf course (9 holes floodlit for night play), driving range and golf coaching and club fitting service.

The $20M redevelopment opened in October 2016 and includes 40 undercover golf driving bays, restaurant, substantial gym, swimming pool, function rooms and a new tennis academy. A significant investment has been made into ‘community’ involvement, whose support is paramount to the overall success of the project. An 18-hole mini-golf facility is included, with adjacent outdoor pavilions catering for functions and events.
2.5.2 Mini-Golf Resurgence

As part of other projects, WellPlayed has visited and observed many mini-golf facilities around Australia. Mini-golf is experiencing a resurgence in the golf facility market.

Benefits of a mini-golf facility forming part of an existing golf facility include:

- Naturally complements existing golf facility activities (golf course and/or driving range) and provides a participation pathway to these facilities
- Broadens the existing golf facility catchment demographic from mostly golfers to include non-golfers seeking entertainment experiences, particularly 18-35year-olds, children under 18years (parties), families and corporate participants
- Diversifies revenue from new visitation and should positively impact visitation to other on-site facilities such as the golf course, driving range and food & beverage services

Some of Australia’s leading public-access golf facilities are either operating relatively new mini-golf facilities or planning to construct new ones.

Examples of new contemporary facilities include Curlewis Golf Club (Bellarine Peninsula), Wembley Golf Course (WA), Victoria Park Golf Complex (Brisbane), Parkwood International (Gold Coast), Thornleigh Golf Centre (Sydney), Yarra Bend Golf (Melbourne) and Golf Central Brisbane.
All are designed to attract significant interest outside traditional golf markets. The better mini-golf facilities are characterised by a high-quality built environment and landscaping, a challenging putting experience with interesting features for both children and adults, and amplified music supporting the ‘entertainment experience’. Some include adjacent areas dedicated to accommodating children’s parties and mini-golf events.

Parkwood International (2 x 9-hole courses) and 3 flags per hole (easy, medium and hard)

Thornleigh Golf Centre (2 x 18-hole courses)

Victoria Park mini-golf (2 x 9-hole courses)

Wembley Golf Course mini-golf (18-holes)

Moore Park Golf (Sydney) is planning to construct a mini-golf / short-format facility in the next few years.
2.5.3 Virtual Golf

The golf simulator and indoor golf centre market is rapidly evolving. Based on WellPlayed’s facility database there are currently 33 virtual golf centres around Australia.

Australia’s two largest off-course golf retail outlets (Drummond Golf and House of Golf) are now incorporating golf simulators into their off-course stores. In-store simulators assist with game improvement (coaching) and club-fitting (hardware sales).

However, it’s the more innovative and entertainment-based approach to the use of golf simulators that is more interesting and relevant to golf facilities, via purpose-built virtual golf lounges incorporating food, beverage and hospitality. These environments advance the customer experience beyond game improvement to hi-tech golf entertainment.

![X-Golf golf lounge concept impression, source X-Golf Australasia](image)

**X-Golf Marion (Adelaide)** virtual golf lounge

*X-Golf Marion* is in a commercial centre adjacent in a suburb of Adelaide. It has developed a 5-bay indoor virtual golf with accompanying food and beverage service, and 12-person ‘meeting room’ with presentation facilities. It provides casual play, leagues, lessons, competitions, memberships and social functions.

From a wider-market perspective, the rapid growth of eSports will continue to support the growth of the virtual golf experience.
2.6 Future Opportunities

In response to the wider-market trends for golf facilities to remain viable and successful in meeting the needs of a changing and competitive market, WellPlayed have identified the following ‘6 Challenges and Opportunities for the Contemporary Golf Facility’: 

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<tbody>
<tr>
<td>1. Golf facilities must be <strong>market-focused</strong> and <strong>adapt to stay relevant to succeed</strong> in today’s changing sport, recreation and leisure market.</td>
<td></td>
</tr>
<tr>
<td>2. Golf facilities must be <strong>customer-focused</strong> and need to become <strong>friendlier to women, families, younger generations, diverse groups and social golf clubs</strong>.</td>
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</tr>
<tr>
<td>3. Golf facilities should <strong>focus less on competition golf</strong> and introduce <strong>social, short-format</strong> and other <strong>golf-entertainment</strong> participation options.</td>
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<tr>
<td>4. Golf facilities will need to consider <strong>new business models</strong> to ensure <strong>greater facility visitation and revenue diversification</strong>; and deliver <strong>high-quality customer experiences</strong>, especially <strong>hospitality</strong>.</td>
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<tr>
<td>5. Golf facilities must develop the expertise to actively and regularly engage with customers via better <strong>communication</strong> and <strong>marketing</strong>; and take advantage of <strong>technology</strong> to assist.</td>
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<tr>
<td>6. Golf facilities must continue to provide valuable <strong>social, community, environmental and economic</strong> benefits; and <strong>actively engage</strong> with their local community and create a <strong>community hub</strong>.</td>
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3. Local-Market Performance

We have reviewed market performance from 4 perspectives:

- Local catchment population and participation trends
- Local catchment golf facilities
- Golf rounds performance of North East Melbourne’s leading public golf courses
- Freeway Golf customer location

Based on our experience a typical local catchment for a public golf course is within a 10km radius i.e. 80% of customers reside within a 10km radius. We have used a 10km radius to define Freeway Golf’s local catchment.

3.1 Local Catchment Population and Participation Trends

As demand for golf participation is a direct factor of population and population growth, it is valuable to understand the local market and emerging patterns regarding its population.

As previously noted, in Victoria 5.5% of the adult population (aged 15+ years) participate in golf by playing at least one round of golf per annum.

Based on Victorian Government projections, the adult population (aged 15+ years) within the local catchment is expected to grow 23% from 1.24M (2016) to 1.52M (2031). Based on an assumption that the golf participation rate remains constant, the adult golfer population is therefore likely to grow from 54.3k gamers (2016) to around 70.15k gamers (2031). This represents a 29% growth and reflects the ‘ageing’ population:

![Map showing local catchment population growth from 2016 to 2031. Source: WellPlayed analysis](image)

Source: WellPlayed analysis
3.2 Local Catchment Golf Facilities

There 15 golf facilities within the local catchment:

- 4 x 18-hole public golf courses
- 3 x 9-hole public golf courses
- 8 x member-based clubs (not-for-profit)

<table>
<thead>
<tr>
<th>Id.</th>
<th>Facility Name</th>
<th>Course</th>
<th>Access type</th>
<th>Est. Rounds</th>
<th>Ownership</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Box Hill Golf Club</td>
<td>18 holes</td>
<td>Members &amp; guests PLUS public access</td>
<td>Hi: 50k+</td>
<td>Member-based club</td>
</tr>
<tr>
<td>2</td>
<td>Bundoora Park Golf Course</td>
<td>18 holes</td>
<td>Public access</td>
<td>Mdi-Low: 25k-35k</td>
<td>Government</td>
</tr>
<tr>
<td>3</td>
<td>Freeway Public Golf Course</td>
<td>18 holes</td>
<td>Public access</td>
<td>Hi: 50k+</td>
<td>Government</td>
</tr>
<tr>
<td>4</td>
<td>Green Acres Golf Club</td>
<td>18 holes</td>
<td>Members &amp; guests only</td>
<td>Hi: 50k+</td>
<td>Member-based club</td>
</tr>
<tr>
<td>5</td>
<td>Heidelberg Golf Club</td>
<td>18 holes</td>
<td>Members &amp; guests PLUS public access</td>
<td>Medium: 35k-50k</td>
<td>Member-based club</td>
</tr>
<tr>
<td>6</td>
<td>Ivanhoe Public Golf Course</td>
<td>18 holes</td>
<td>Public access</td>
<td>Medium: 35k-50k</td>
<td>Government</td>
</tr>
<tr>
<td>7</td>
<td>The Kew Golf Club</td>
<td>18 holes</td>
<td>Members &amp; guests only</td>
<td>Hi: 50k+</td>
<td>Member-based club</td>
</tr>
<tr>
<td>8</td>
<td>Latrobe Golf Club</td>
<td>18 holes</td>
<td>Members &amp; guests only</td>
<td>Medium: 35k-50k</td>
<td>Member-based club</td>
</tr>
<tr>
<td>9</td>
<td>Northcote Golf Course</td>
<td>9 holes</td>
<td>Public access</td>
<td>Low: 25k-</td>
<td>Government</td>
</tr>
<tr>
<td>10</td>
<td>Rosanna Golf Club</td>
<td>18 holes</td>
<td>Members &amp; guests only</td>
<td>Medium: 35k-50k</td>
<td>Member-based club</td>
</tr>
<tr>
<td>11</td>
<td>Strathallan Golf Club</td>
<td>9 holes</td>
<td>Members &amp; guests PLUS public access</td>
<td>Low: 25k-</td>
<td>Member-based club</td>
</tr>
<tr>
<td>12</td>
<td>Studley Park Golf Course</td>
<td>9 holes</td>
<td>Public access</td>
<td>Low: 25k-</td>
<td>Government</td>
</tr>
<tr>
<td>13</td>
<td>Wattle Park Golf Course</td>
<td>9 holes</td>
<td>Public access</td>
<td>Low: 25k-</td>
<td>Government</td>
</tr>
<tr>
<td>14</td>
<td>Yarra Bend Golf</td>
<td>18 holes</td>
<td>Public access</td>
<td>Hi: 50k+</td>
<td>Government</td>
</tr>
<tr>
<td>15</td>
<td>Yarra Valley Country Club</td>
<td>9 holes</td>
<td>Members &amp; guests only</td>
<td>Low: 25k-</td>
<td>Member-based club</td>
</tr>
</tbody>
</table>

Source: WellPlayed analysis
3.2.1 Catchment Golf Facility – Visitation Performance

Visitation is a key performance measure for golf facilities. Whether operating primarily for public golfers or members, golf facilities require visitation to generate their primary revenue from green fee, hospitality, other golf and membership sales.

Based on our market intelligence, we used the following scale as an indicative guide for annual golf rounds performance for each golf facility in the catchment:

- Low visitation: 25k-
- Mid-low visitation: 25-35k
- Med visitation: 35-50k
- High visitation: 50K+

Based on actual performance data, the best performing 18-hole public golf courses in the catchment for visitation are Yarra Bend and Freeway Golf:

![Venue Performance - Quarterly Rounds](image)

Source: WellPlayed analysis

The 18-hole member-based clubs are enjoying medium to high levels of visitation. This reflects the long-history, established performance and relatively large and stable memberships of each club:

![Club Performance - Club Membership](image)

Source: Golf Victoria, WellPlayed analysis

Revenue can be derived from additional sources, and a diversified revenue stream is increasingly important for golf facilities to remain sustainable. A comprehensive financial performance analysis of the local catchment golf facilities is beyond the scope of this project.
3.3 North East Melbourne Golf Rounds Performance

The following 18-hole public golf facilities participated in a recent analysis of golf round performance of North East Melbourne's major public golf facility market:

- Bundoora Park Golf Course (City of Darebin)
- Dorset and Ringwood Public Golf Courses (City of Maroondah)
- Freeway Public Golf Course (City of Boroondara)
- Glen Waverley Golf Course (City of Monash)
- Ivanhoe Public Golf Course (City of Banyule)
- Morack Public Golf Course (City of Whitehorse)
- Yarra Bend Golf Course (Victorian Government)

WellPlayed’s observations of the market performance:

- Overall the sample indicates a slight decline (-1%) in golf rounds between the year ended Sep 2015 and Sep 2018.
- All facilities reported significant improvement in the Sep 2018 quarter compared to the prior year and is on average 25% better.

![Graph showing rounds by quarter]

Source: WellPlayed analysis

Based on golf rounds volume and growth performance between the year ended Sep 2015 and Sep 2018, Freeway Golf (together with Ringwood and Dorset) is one of North East Melbourne's public golf facility market leaders.

![Graph showing compound annual growth rate]

Source: WellPlayed analysis
3.4 Freeway Golf Customer Location

Based on a monthly (October 2018) sample of customer postcode data provided by Council, Freeway Golf’s public golfers typically reside in the immediate suburbs (Balwyn North, Balwyn and Kew) and then toward an eastern corridor:

Based on the sample, public golfers mainly reside in Manningham (40%), Boroondara (30%) and Whitehorse (12%) council areas.

Based on current membership data provided by the Camberwell and Harp golf clubs, Freeway Golf’s resident club golfers typically reside in the immediate suburbs (Balwyn North, Kew East, Surrey Hills and Kew) and then toward a small south, and then larger eastern corridor:

Based on the sample, members mainly reside in Manningham (45%) and Boroondara (35%) council areas.
4. Future Viability

Based on our review, and subject to the future golf course design delivering a comparable 18-hole golf experience to the current golf experience (full-length), it is WellPlayed’s opinion that Freeway Golf is very well positioned to:

- Continue to be one of North East Melbourne’s 18-hole public golf facility market leaders.
- Take advantage of the local catchment population growth and golf’s popularity, particularly with older Australians.
- Provide a valuable contribution to the health of older Australians.
- Evolve to create a community hub and multi-sport precinct (with golf and tennis as the ‘core activities’) that delivers increased visitation and revenue diversification.
- Continue to provide valuable social, community, environmental and economic benefits to the City of Boroondara and beyond.
5. Appendices

5.1 Appendix 1 – Sporting and Golf Participation Trends

5.1.1 Australian Golf Industry Council – Community Impact Study

In September 2017, the Australian Golf Industry Council (AGIC) released its research into the benefit that golf contributes to the community across three key areas of economic, social and health.

Key findings:
- Overall, the community contribution of golf in Australia = $3,614,409,411
- Economic benefits
  - Golf makes an economic contribution to Australia and Australian regions of $3,482,740,000
  - Golf clubs and courses are significant local businesses that strengthen the surrounding economy
- Social benefits
  - Participation in golf provides regular and cross-generational social interaction across the life-span
  - Golf provides a foundation to build a strong and connected community
  - The game of golf and golf courses provide a strong connection to the outdoors and natural environment
  - Golf teaches valuable life lessons and principles such as respect, honesty, etiquette and self-discipline
  - Australian golfers have a life satisfaction score of 7.4 compared to Australian population 7.3 and OECD countries 6.6
  - Australian golfers score 8 percentage points higher for social capital than Australian sport participants and 16 percentage points higher than non-sport participants
- Health benefits
  - The community contribution to health which golf provides in terms of dollars saved is significant for all golfers
    - Lifetime Health Contribution = $4,509,046,214
    - A lifelong contribution to reducing the healthcare burden on society through the prevention of disease

5.1.2 Older Australians’ Participation in Sport and Physical Activity (2018)

Recognising that the health of the increasing number of Older Australians (aged 55+) is an important social and economic challenge facing Australia, in October 2018 Sport Australia released a report focused on Older Australians’ participation.

Key information from the ‘Older Australians’ Participation in Sport and Physical Activity’ report:
- Australia’s population is ageing. By 2030 Australia will have nearly 9 million residents aged 55+. That’s close to 2 million more than today.
• At present, almost 90% of Older Australians participate in sport or physical activity at least once a year, 80% participate at least once a week and 60% at least 3 times a week.

• Overall, golf is in the top 10 sports and physical activities for Older Australians – 14% Men (rank = 3 (with cycling)) and 4% Women (rank = 7 (with bush walking and tennis)).

• Based on the top 10 sports and physical activities for Older Australians, golf participation rates are different for different life stages
  o Age 40-54: / Female = n/a / Male = 8.3% (rank = 6)
  o Age 55-64: Female = 3.2% (rank = 10) / Male = 11.7% (rank = 5)
  o Age 65-74: Female = 4.7% (rank = 7) / Male = 16.0% (rank = 3)
  o Age 75+: Female = 4.1% (rank = 5) / Male = 13.4% (rank = 3)

• Extending a lifetime of good health enables Older Australians to continue to contribute socially, culturally and economically to the wider community.

• Sport and physical activity offer physical and mental health benefits for Older Australians and can be an enabler of their on-going community engagement.

5.1.3 Intergenerational Review of Australian Sport (2017)

In recent years, the ASC has observed significant trends relating to sports participation, performance and consumption. To understand these trends and their impact in the future and to best prepare Australian sport to adapt for success, the ASC Board engaged The Boston Consulting Group (BCG) to undertake ‘The Intergenerational Review of Australian Sport (IGRS)’ (2017).

The relevant major trends identified:

• Sport in schools - sport is being increasingly marginalised in schools;
• Inactivity and obesity – inactivity and obesity (for children and adults) are rising;
• Demographic and social changes – over the next 20 years, Australians will become older, more time-poor and more ethnically diverse;
• Commercialisation of sport – some sports (particularly AFL, NRL, and cricket) are successfully growing and commercialising, many others are struggling to maintain exposure and sponsorship, contributing to a widening wealth gap between the commercial, largely male, sports and the broader sports community.

These trends are rapidly changing the environment in which sport operates and placing pressure on the sector to change. Without change over the next 20 years, Australian sport will feel the impact of these trends at all levels, including on participation rates, our sports organisations, and our ability to succeed on the international playing field.
A new aspiration proposed for Australian sport in 2036 is: for Australia to be the most active sporting nation, known for its integrity, thriving sports organisations, continued exceptional international success, and a world-leading sports industry.

To help achieve this aspiration, and what’s most relevant to golf, is the need to drive sustained participation growth among all Australians via sporting organisations, by:

- Modernising sport participation offerings;
- Expanding the participation rates of groups that are currently under-represented, by:
  - Ensuring sport is more affordable for low income families, more accessible to migrant groups and more attractive to women;
- Reducing the drops in sport participation, by:
  - Creating more flexible, social sports offerings that provide fun, non-competitive pathways for recreational participants; and
  - Developing new low time-commitment offerings with a strong fitness component.


The key participation information enables the sport to understand the current landscape and trends in golf and club membership, including:

- Club membership numbers peaked in Australia in 1998 at approximately 500,000 golfers. Since then, a steady decline has materialised averaging 1.3% per annum.
- Membership numbers across Australia were reported as 389,672. This result marked a 1.1% decline on numbers reported for the prior 12-month period, equating to a nett loss of 4,365 members.
- There has been a decline in the proportion of female members, from a high of 34% in 1970 down to 20% in 2017.
- The participation rate (total members divided by total population) peaked at 2.8% in the mid-1990s before declining to its current level of 1.6% as a result of a growing population and declining membership numbers.
- Reported member numbers for social clubs have increased over the past from 18,018 in 2013 to 22,288 in 2017, representing an average annual increase of 4.3%.
- There are currently 1,335 golf course-based clubs in Australia. There has been a decline of 4.6% in clubs over the past 10-year period, from a high of 1,399 in 2008.
- There are 321 social clubs affiliated to various state bodies, accounting for 19% of total clubs (2015: 306 social clubs accounting for 18% of total clubs).
- The average reported age of club members is 57.5 years. The average age of male members (56.1) is eight years younger than females (64.1).
- For 2017, a national attraction rate of 5.4% and an attrition rate of 6.8% was recorded. (2016: attraction rate = 7.7% and the attrition rate = 8.7%).
5.1.5 European Golf Course Owners Association (EGCOA) – Vision 2020 (2014/2016)

A research project that delivers insights for the sustainable performance and development of commercial golf facilities in Europe.

After many years of structural growth golf is in a new phase of negative growth. The goal of Vision2020 is to find answers and inspiration to turn the negative development trend in golf into a positive one.

The EGCOA project identified recommends that golf facilities should promote:

- **Fun** – an important foundation experience for golf participation
  - A fun experience makes people coming back for more. Perceived fun for non-golfers is important to make them interested in the game.
  - Facilities will have to focus on delivering a fun experience, instead of only focusing on golf. For this it is important to understand what different generations are looking for in ‘fun’.

- **Friendship** – social and community benefits from golf are critical
  - Social engagement and friendship are key in attracting & retaining golfers.

- **Flexibility** – for game engagement and membership offerings

- **Family** – important to attract females, juniors and families
  - Families in golf will increase junior and female participation.

- **Fore Health** – pushing the health benefits of golf
  - There are many benefits offered to health and fitness by golf

- **Forever** – for golf to stay profitable, it must be sustainable
  - Balancing the social, environmental and economic benefits of golf to ensure we can continue to enjoy golf, forever and always.
5.2 Appendix 2 – Endnotes


