



China Golf Market Report, 2008

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2.2 Status Quo of Market

The year of 2008 is the 24th year since golf entered China. From the initial golf goods market to the membership market, then to golf game market, the industry has maintained healthy and sustainable development in China.

China had nearly 200 golf courses up to the first half of 2008. According to the forecast of experts, China's golf course construction has increased at the pace of 20-30%. In addition, China has one million golf consumers, and its annual growth margin is 30%. It is expected that China will have 1,000 golf courses in total by 2008, and 20 million of potential golf consumers, which will come to 50 million probably in 2020.

Top Ten Golf Courses in China, 2006-2007

1	Spring City Golf & Lake Resort (Lakeside Golf Course)	6	Chung Shan Hot Spring Golf Club (Palmer Course)
2	Reignwood Pine Valley	7	Sand River Golf Club
3	Mission Hills Golf Club	8	Yalong Bay Golf Club
4	Shenzhen Golf Club	9	Shanghai Sheshan International Golf Club Co., Ltd
5	Agile Golf & Country Club (A course)	10	Dongguan Hillview Golf Club

Source: www.sina.com.cn

6. Regional Golf Markets

Among the total 168 golf clubs nationwide, Guangdong Province has 53 clubs with 69 golf courses, of which, Shenzhen 12 clubs, six clubs with 18 holes, four clubs with 27 holes and one club with 36 holes. Mission Hills Golf Club owns 180 holes and 10 courses in all.

Beijing has 23 golf clubs and 28 golf courses; Shanghai, 13 clubs and 15 courses; Shandong, 10 clubs and 16 courses; Hainan, 11 clubs and 12 courses; Fujian, 8 clubs and 9 courses; Jiangsu, 7 clubs and 8 courses; Tianjin, 5 clubs and 6 courses; Hebei, 4 clubs and 7 courses; Yunnan, 4 clubs and 5 courses; Liaoning, 4 clubs and 5 courses; other provinces have few golf courses.

The number of the golf course is in direct ratio to the local economic development. So the courses mainly concentrate in Yangtze River Delta, Pearl River Delta and Beijing-Tianjin-Tangshan region. Shenzhen, as the front-line city during China's opening-up and reform period, has one tenth golf courses of the total. In addition, with rich tourism resources, Hainan and Yunnan provinces are making efforts to promote the golf tour industry. They have quite a lot of courses. But the western area has few.

Regional Distribution of Golf Course in China

Region	the number of standard course	area (sq m)	investment (CNY10,000)	the number of non-standard course	area (sq m)	investment (CNY10,000)
Guangdong	63	89 471578	1 006013	77	1 551942	16 709
Beijing	52	49 706116	344 164	103	3 177810	44 306
Jiangsu	*	*	*	*	*	*
Shanghai	*	*	*	*	*	*
Hainan	*	*	*	*	*	*
Liaoning	*	*	*	*	*	*
Fujian	*	*	*	*	*	*
Hebei	*	*	*	*	*	*
Shandong	*	*	*	*	*	*
Tianjin	*	*	*	*	*	*

Source: ResearchInChina

6.1 Beijing

By the end of 2007, there have been 38 golf clubs with above nine holes in Beijing. The golf courses in Beijing have 756 holes in all, covering around 42.76 million sq m. Furthermore, Beijing also has several dozens of golf training courses and each of them covers around 20,000-133,320 sq m.

1. Scale

The golf clubs in Beijing are usually with large scale by covering above 666,600 sq m. According to the international standard, the area of 18-hole standard golf course occupies generally between 440,000 and 600,000 sq m. Among the golf courses with 18 holes, 36 holes and 72 holes in Beijing, only one is below 666,600 sq m; 23 of them are between 666,600 and 1,333,200 sq m and six of them are above 1,333,200 sq m. Reignwood Pine Valley of Beijing covers the largest area with 4.27 million sq m.

2. Quality

Most of golf courses of Beijing are designed by overseas masters. All are with high service quality and sound equipment. Some golf clubs of Beijing have held the world-class golf tournament for many times. Nowadays golf club has become an integrated place combing fitness, entertainment and interpersonal communication.

3. Competition

The current golf holes in Beijing are nearly five times the number of six years ago and the current area of golf course increased by 400%. In the past six years, the growth rate of the population of golf players stood at around 20%. Obviously, the increase rate of golf course is much faster than that of golf players in Beijing. So the competition among golf clubs in Beijing is becoming increasingly more intense.

4. Profitability

The revenue of golf clubs can be divided into two categories. One is revenue from the membership fees and the other part is from the daily operating revenue including the entrance fee, payment for caddie service, rent for club car and charges for drinks and food as well as the other retail incomes. The current overall operation status is not good, but those operators still believe the prospect is brilliant.

In the opinion of those golf club operators, the poor operation should be attributed to the following reasons: firstly, the high business tax of 23%; secondly, the fiercer competition caused by the increase of clubs; thirdly, the lack of talented managers; fourthly, the clubs in northern areas have to be closed in the winter for more than three months.

But the outlook is promising. Firstly, the fast economic growth of China paved a solid foundation for the development of golf industry. Secondly, the golf culture has many similarities to Chinese culture. Thirdly, the macro policy of restraining golf course construction by the government makes the existing courses become the rare resources and appreciate in value.

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