

Valuation for Assessments of Golf Properties

- A webinar sponsored by IAAO and presented by:
- Laurence A. Hirsh, CRE, MAI, SGA
- President – Golf Property Analysts
- Philadelphia, PA
- www.golfprop.com
- Larry@golfprop.com
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- 1:00 PM EDT





golf
property
analysts
valuation • advisory

- Elements of RE Taxes
- Definition of Value
- Approaches to Value
- Process/Jurisdictional
- Highest and Best Use
- Cost vs. Value
- Case Law

Impact of Coronavirus

- Buyer's Market
- "Snapshot" Values
- Determinants of Value
- Long Term/Short Term
- Distressed Courses/Capital Needs
- Future Prospects



- **Market Value**
- Assessment to Value Ratio / Equalization Ratio
- Millage Rate
- Tax Liability

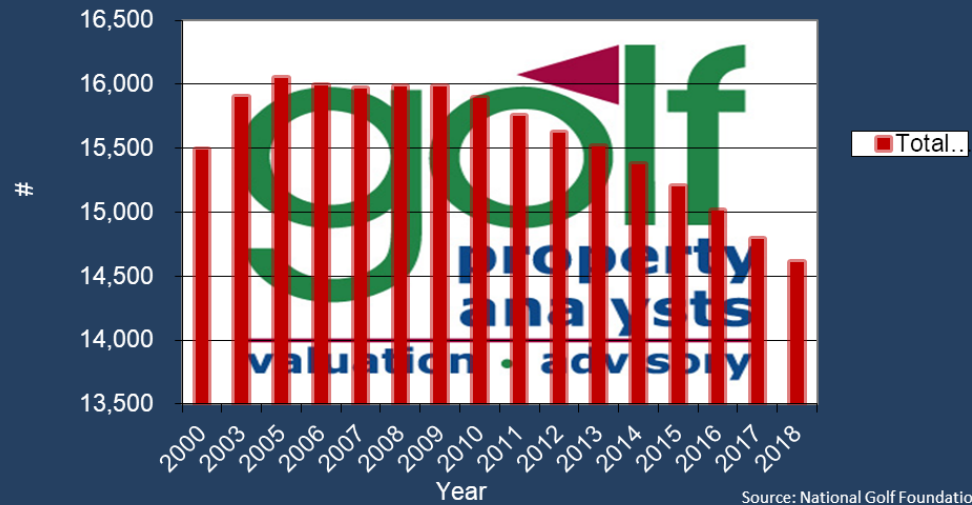


The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress.

Presumes a sale!!!

- Memberships/Initiation Fees?
- Income Stream from Operations?
- Leased Fee/Leasehold?
- Profit/Non-Profit Facility?
- Member-Owned/Private Owned?
- Private Club in Sellout Period?
- **Fee Simple Real Property**

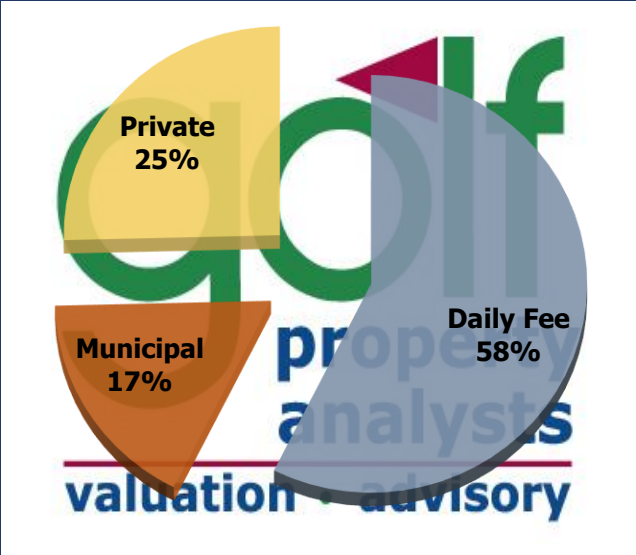
Golf Course Supply - US, since 2000



Golf Course Growth - US



Segmentation of US Golf Courses - 2018



National Golf Foundation

Segmentation of US Golf Courses - 1931

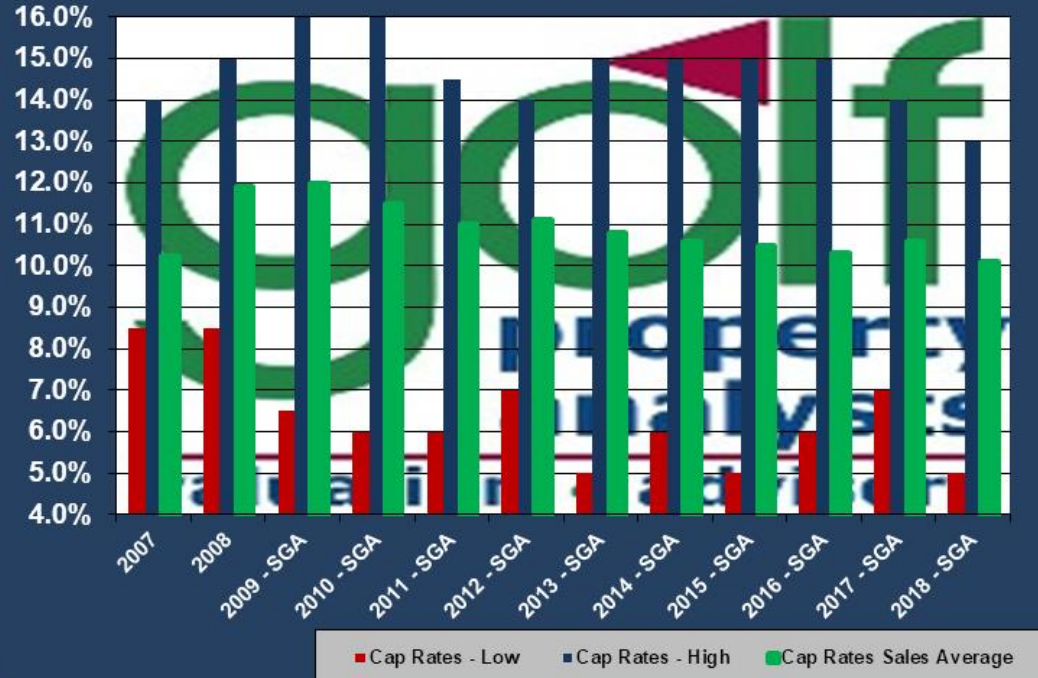


National Golf Foundation

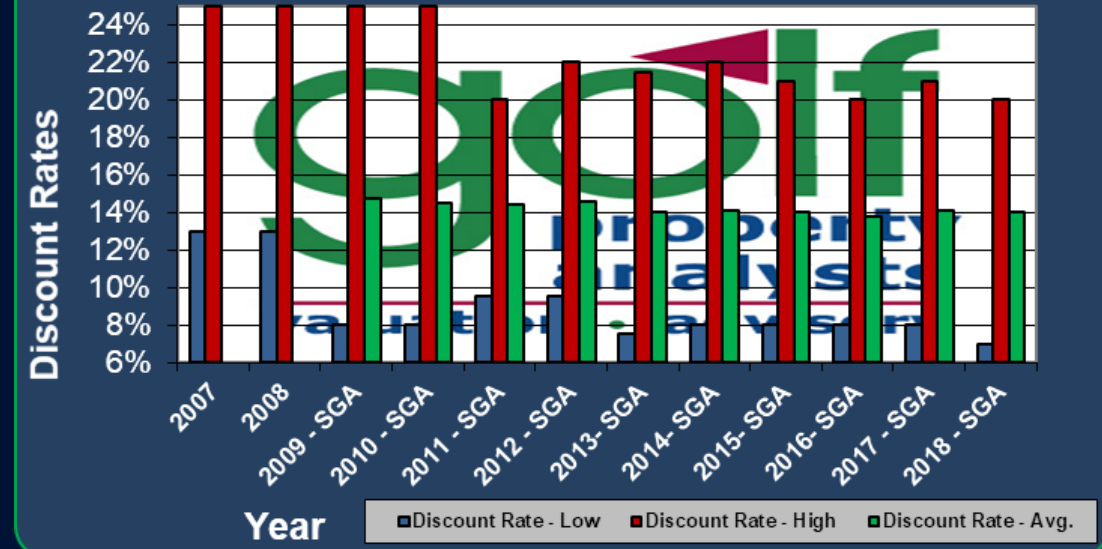
Golf Course Openings/Closures



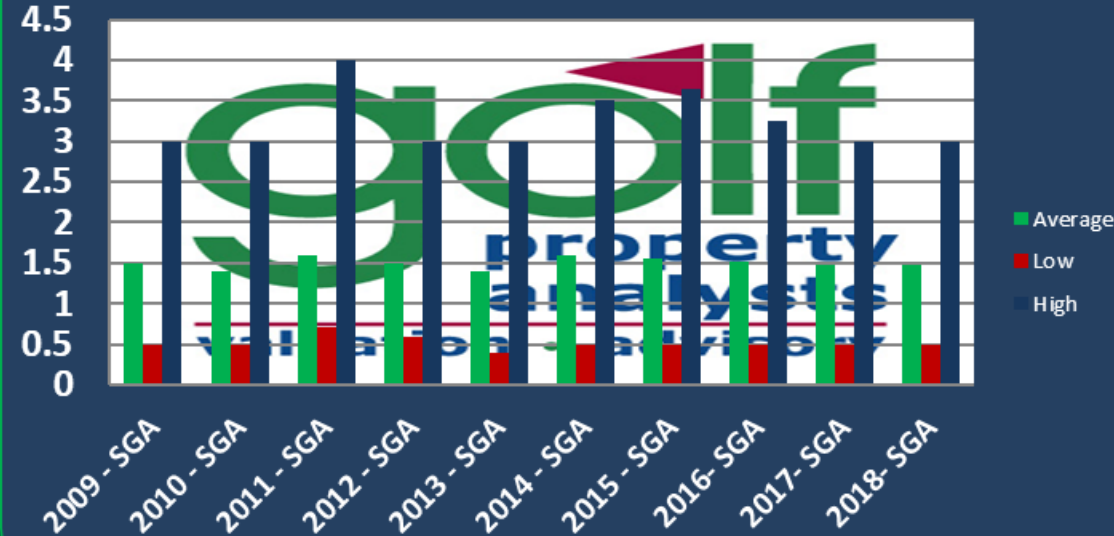
Cap Rates



Discount Rates



Gross Income Multipliers



GIM DISTRIBUTION

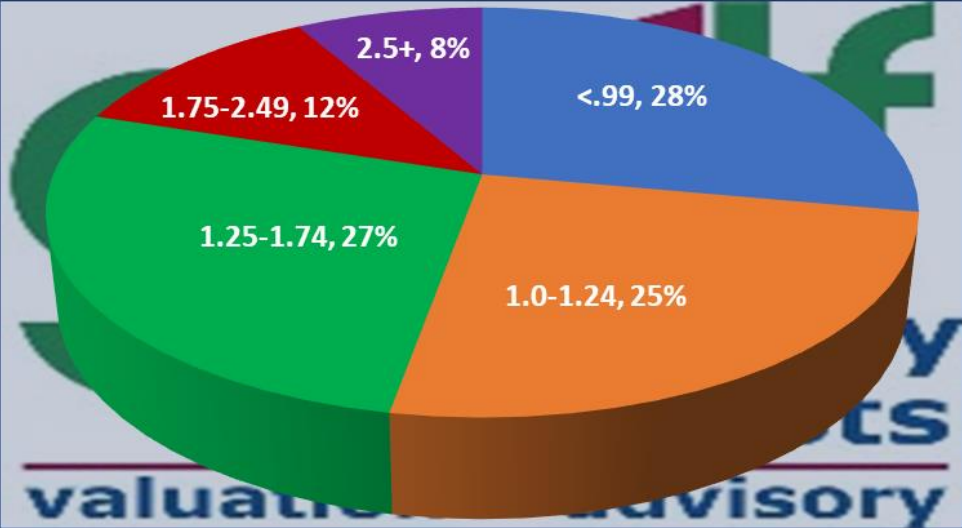




Exhibit 2.12 Golf Course Market/Marketability Study Process

1. What golf market segment(s) does the subject golf course property have the ability to serve? Some factors to consider include:

- Course design and quality
- Facilities design and quality
- Legal
- Social/economic characteristics of the club and community
- Location—How the golf course fits into the community growth structure

Note: If the work done in Step 1 identifies more than one segment, then the study would become a highest and best use study. This, among other factors, requires repeating the following steps for each segment studied.

2. What are the characteristics of the golf market segment that desires this type of golf course?

- Market area concepts
 - Time-distance concepts
 - Area over which equally desirable substitute properties tend to compete
 - Location of current members/users
- Geographic market delineation
- Consumer profile of most likely users
 - Type
 - > Tourist
 - > Second-home residence
 - > White collar executives
 - > Corporate outings
 - > Local residence
 - > Etc.
 - Characteristics
 - > Income
 - > Age
 - > Social
 - > Employment categories (i.e., high-tech, service, etc.)

3. What is the golf course demand for this market segment?

- Inferred methods
 - Current market conditions
 - General growth trends of city and subject submarket
- Fundamental Methods
 - Ratio methods by golf course type
 - > Ratio of current rounds/memberships to indicator proxies such as: population, age, income, employment, tourists, hotel rooms, etc.
 - Segmentation method (segmentation of golf course types, user types, participation rates, and average rounds played)

4. What is the competition in this market for this market segment?

- Current competitive courses
- Planned competitive courses

5. What is the market condition for this market segment? (comparing supply with demand currently and for the future)

6. How much of this market segment can the subject golf property capture?

- Current capture analysis methods
- Competitive course rating methods

7. What are the financial implications to the property?

- Is it a good investment? (investment value to individual or specific group)
- Is the property's value more than its cost? (feasibility)
- Does this market segment produce a higher net income than another segment? (highest and best use)
- What is the golf course's market value? (appraisal)
- Can redirected management/marketing increase income? (management practices)

Source: Adapted from Stephen F. Fanning, "Segmentation of Golf Course Markets," *The Appraisal Journal* (January 2003): 63.

Exhibit 2.7		Sample Market Survey Summary								
Course	Rounds	Weekday GF* 18	Weekend GF 18	Weekday GF 9	Weekend GF 9	Cart Fee 18	Cart Rounds	Annual- Single	Annual- Family	No. of Members
1	40,000	\$53.00	\$60.00	\$28.50	\$31.00	Included	61%	\$2,200		75
2	30,000	\$27.50	\$38.00	\$20.00	\$20.00	Included	50%	\$650		250
3	34,000	\$22.50	\$25.50	\$14.50	\$16.00	\$23.00	35%	\$900		240
4	20,000	\$52.00	\$57.00	\$28.00	\$30.00	Included	78%	\$2,500	\$4,400	50
5	50,000	\$39.00	\$43.00	\$19.50	\$23.00	\$16.00	65%	\$1,625		40
6	30,000	\$35.00	\$40.00	\$15.00	\$15.00	\$16.00	50%	\$2,000	\$2,850	50
7	21,000	\$37.00	\$40.00	\$19.00	\$20.00	\$14.00	57%	\$1,200		25
8	43,000	\$37.00	\$41.00	\$23.00	\$25.00	\$17.00	60%	\$1,400		150
9	30,000	\$41.00	\$44.00	\$21.00	\$23.00	\$13.00	65%	\$1,800		125
10	15,000	\$35.00	\$40.00	\$19.50	\$20.00	\$15.00	50%	\$1,507		20
11	31,000	\$69.00	\$79.00	\$38.00	\$48.00	Included	85%	\$3,150	\$1,650	45

* GF = green fee

Exhibit 2.8		Sample Sensitive Market Information						
Name of Course	Rounds	Gross Revenue	Maintenance Budget	GF Revenue/ Round	Pro Shop Revenue/ Round	F&B* Revenue/ Round	Gross Annual Revenue/ Round	Expenses % of Gross Revenue
1	40,000	\$2,196,462	\$635,493	\$34.63	\$8.00	\$10.00	\$54.91	91.7%
5	50,000	\$2,300,000	\$700,000	\$32.00	\$8.00	\$3.00	\$46.00	84.5%
6	30,000	\$1,200,000	\$250,000	\$28.00	\$6.00	\$2.50	\$40.00	87.4%
7	21,000	\$1,777,260	\$114,564	\$37.05	\$12.00	\$6.15	\$56.06	105.3%
8	43,000	\$1,050,060	\$345,000	\$15.00	\$6.00	\$3.00	\$24.42	78.4%
11	31,000	\$2,000,120	\$700,000	\$38.71	\$3.87	\$12.90	\$64.52	76.4%

* F&B = food and beverage



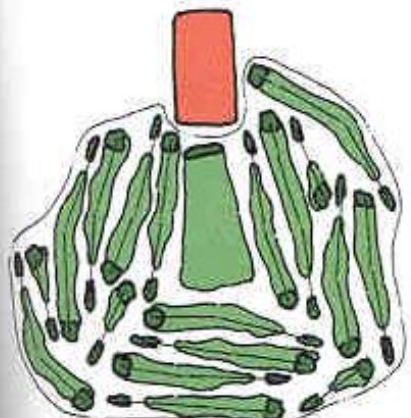


Market number of rounds	334,021
Market number of holes	207
Market rounds per hole	1,614
Subject rounds	24,021
Subject rounds per hole	1,335
Market penetration	83%
Subject fair share rounds	29,045

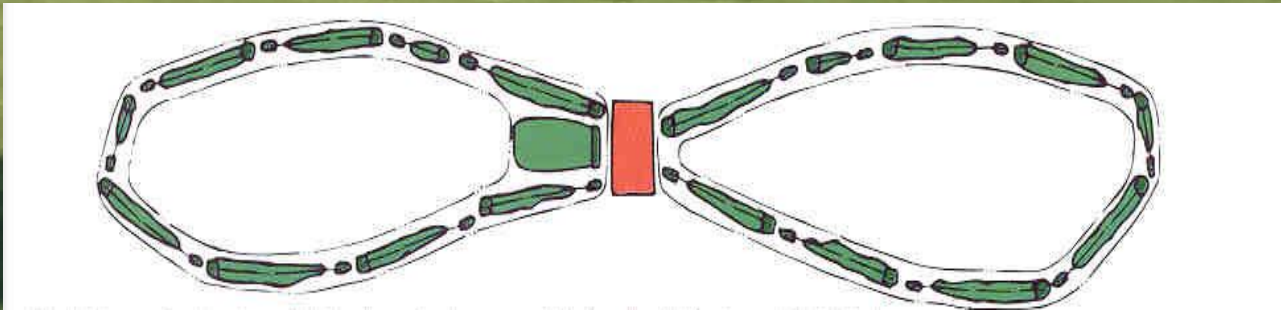
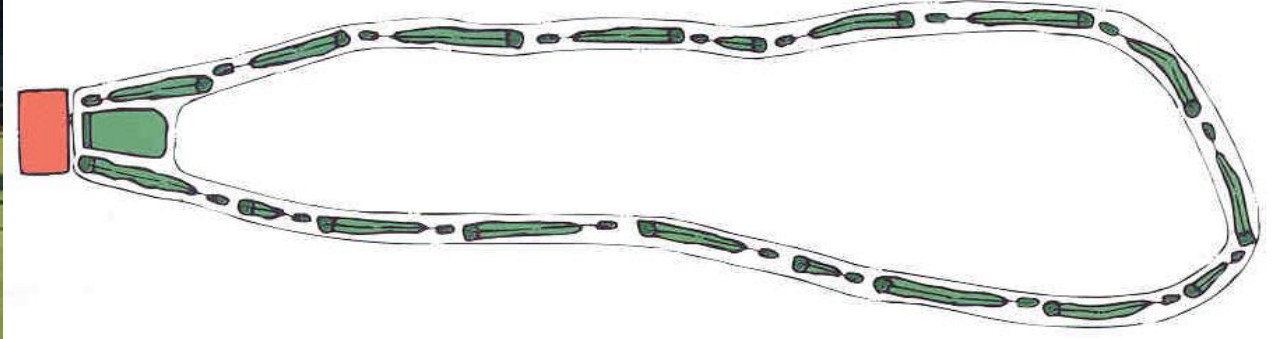
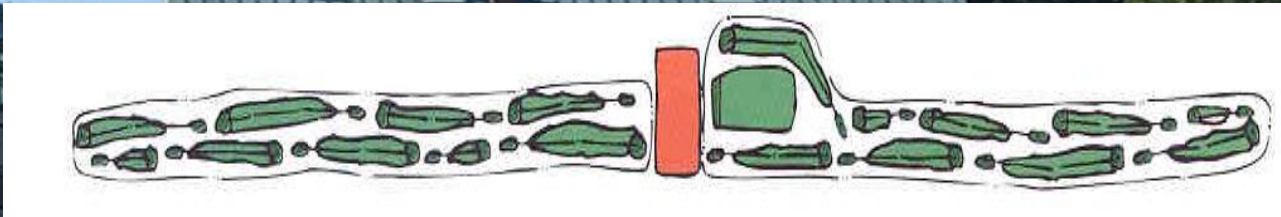
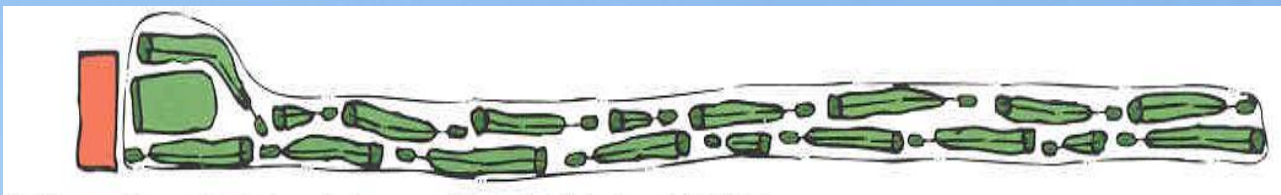
- **Regulation** - 18+ holes, 5,200+ yds., 66+ par
- **Nine-Hole** - 2,600+ yds., 33+ par
- **Executive** - Shorter, compact version of regulation course, usually 4,000 - 5,200 yds and par of 58-66.
- **Par 3** - Par 3 holes with total length under 4,000 yds for 18 holes and par of <55.
- **Championship** - not a defined term, however typically used to describe courses for tournament (or championship) play.
- **Signature** - typically refers to course designed by “signature” architect.

Market Segment	Golf Market Segments Demand Sources	Characteristics
Daily Fee		
Resident Based (incl. municipal)		
Affordable Daily-Fee	Price conscious residents nearby	Limited maintenance and services
Value Daily-Fee	Value conscious residents nearby	Moderate maintenance & Services
Upscale Daily-Fee	Higher income, greater distance, corporate clientele	Upscale maintenance, services and design
Specialty		
Theme Course	Wider market area, tourists, corporate	Replica holes, themed atmosphere (NFL, College, Opryland)
Semi-Private		
Includes all of the DF above, but typically with some form of membership/annual pass option		
Private		
Resident Based (incl. both stand-alone and community amenity clubs)		
Affordable Country Club	Local residents seeking the “best deal”	Limited services, maintenance and amenities. Geared to individuals
Middle-Market Country Club	Local residents seeking lifestyle	Family friendly
Upscale Country Club	Local residents seeking family, social and business use – high income	Highest level of maintenance and service, more social activities
Specialty		
Destination Clubs – Residential	Non-resident, high income, usually a “second” club	Vacation/second home or “big-boy” clientele
Destination (Big-Boy) Clubs	Resident or non-resident, often corporate entertainment	Limited # of members or “national” membership, excellent facilities, maintenance and services, selective membership
Resort (w/ lodging)		
Urban Resort	Corporate and upscale tourist	Usually upscale and affiliated with hotel
Leisure Resort (Non-Urban)	Families and corporate retreats	Vacations and meetings





Core golf course: 18 holes.
Approximate acreage: 140.



Styles

- Links Courses
- Parkland
- Heathland
- Mountain
- Desert



Design and Purpose

Golf courses need to be designed to match their intended use. According to *Golf Course Architecture: Design, Construction and Restoration* by Michael J. Hurdzan, PhD, "A golf course is a spatial arrangement of holes on a tract of land with clearly designated starting points called *tees* and specific finishing points of 4¼-inch holes cut in the ground. Golf course design is the arrangement of these starting and ending points. If the landscape is not modified or changed, then the golf course is merely *laid out*. If the terrain is modified or changed, then the course is *built*."³ There are 11 basic criteria for golf course design:

- Safety
- Flexibility
- Shot value
- Fairness
- Progression
- Flow
- Balance
- Maintenance cost
- Construction planning
- Aesthetics
- Tournament qualities

There are three fundamental types of golf hole design:

- **Strategic**

A strategic hole has at least one reasonable route for reaching the green in regulation with very little risk of incurring a severe penalty because of a misplayed shot. If there are several alternative routes, the route having the greatest distance generally has the least risk of incurring a severe penalty for a misplayed shot.

- **Heroic**

A heroic hole has at least two distinctly different alternatives for reaching the green in regulation. One lacks a severe penalty for a misplayed shot. In the other case, a misplay incurs a severe penalty. However, if successfully negotiated, the player will be rewarded with a far superior position and/or distance advantage. Thus, the player faces a heroic decision. This type of shot can also be called heroic.

- **Penal**

A hole is considered to be penal if the only way to reach the green in regulation involves successfully executing at least one shot that will incur a severe penalty if misplayed. Often the severe penalty involves a ball lost in an escape-proof hazard such as water, a ravine, or out-of-bounds.

Exhibit 4.14 Facility Summary	
No. of holes _____	Architect _____
Course design _____	Course layout _____
Practice range _____	Greens construction _____
Practice green _____	Grassling _____
Putting green _____	Tees _____
Amenities	Greens _____
Clubhouse _____	Fairways _____
Pro shop _____	Roughs _____
Dining room _____	Irrigation (make) _____
Locker rooms _____	Configuration _____
Snack bar _____	Age of system _____
Fitness center _____	Water source _____
Swimming _____	Cart paths _____
Tennis _____	Path coverage _____
Maintenance bldg. _____	Path material _____
Cart storage _____	Path condition _____
Comments _____	



Physical Characteristics		
Type	Golf Course	Amenities
Daily Fee		
Resident Based (incl. municipal)		
Affordable Daily-Fee	Minimal hazards, wide open, expedite pace of play	Small clubhouses, snack bar
Value Daily-Fee	Moderate hazards and interest	Clubhouse, pro shop, banquet facility
Upscale Daily-Fee	Name architect, excellent maintenance, lots of features	Larger clubhouse, restaurant, banquet, lockers, pro shop
Specialty		
Theme Course	Name architect, excellent maintenance, lots of features	Larger clubhouse, restaurant, banquet, lockers, pro shop
Semi-Private		
Includes all of the DF above, but typically with some form of membership/annual pass option		
Private		
Resident Based (incl. both stand-alone and community amenity clubs)		
Affordable Country Club	Moderate hazards and interest	Clubhouse, pro shop, banquet facility, swimming, tennis
Middle-Market Country Club	Moderate hazards and interest, better conditions	Clubhouse, pro shop, banquet facility, swimming, tennis
Upscale Country Club	Name architect, excellent maintenance, lots of features	Excellent facilities, dining, banquet, other sports, swimming, tennis, squash, paddle, fitness
Specialty		
Destination Clubs - Residential	Name architect, excellent maintenance, lots of features	Good amenities but often limited locker space
Destination (Big-Boy) Clubs	Name architect, excellent maintenance, lots of features, golf-centric, all-walking sometimes	Varies depending on membership, often large locker rooms, bars, limited dinner service
Resort (w/ lodging)		
Urban Resort	Name architect, excellent maintenance, lots of features, sometimes not walkable	Lodging, water parks, attractions
Leisure Resort (Non-Urban)	Name architect, excellent maintenance, lots of features, sometimes not walkable	Lodging, water parks, attractions



SWOT Analysis - Golf Property Analysts

<p>Criteria</p> <p>Advantages of facilities? Competitive advantages? Resources, Assets, People? Membership/Customer Base? Financial reserves, likely returns? Marketing - reach, distribution, awareness? Innovative aspects? Location and geographical? Price, value, quality? Awards/Recognitions? Technology/Communications? Cultural, attitudinal, behavioral? Tools/Equipment? Reputation/Market Perception? Historical Performance? Depth of Market & Competition?</p>	<p>Strengths</p>	<p>Weaknesses</p>	<p>Criteria</p> <p>Disadvantages of facilities? Competitive disadvantages? Resources, Assets, People? Membership/Customer Base? Financial reserves, likely returns? Marketing - reach, distribution, awareness? Innovative aspects? Location and geographical? Price, value, quality? Awards/Recognitions/Criticisms? Technology/Communications? Cultural, attitudinal, behavioral? Tools/Equipment? Reputation/Market Perception? Historical Performance? Depth of Market & Competition?</p>
<p>Criteria</p> <p>Market developments? Competitors' vulnerabilities? Industry or lifestyle trends? Technology development and innovation? Global/Market influences? New markets, vertical, horizontal? Niche target markets? Additions/Upgrades to Facilities/Programs? Marketing? Information and research? Partnerships, agencies, distribution?</p>	<p>Opportunities</p>	<p>Threats</p>	<p>Criteria</p> <p>Political effects? Legislative effects? Environmental effects? IT developments? Competitor intentions - various? Market demand? New technologies, services, ideas? Vital contracts and partners? Sustaining internal capabilities? Obstacles faced? Insurmountable weaknesses? Property Constraints? Loss of key staff? Sustainable financial backing? Economy - home, abroad? Seasonality, weather effects? Capital Needs?</p>

- Income Approach
- Sales Comparison Approach
- Cost Approach
- Discounted Cash Flow
- Bridge Model
- Stock & Debt Approach
- Market Rent Method

Exhibit 8.2 Sample Summary of Estimated Revenues for a Daily-Fee Course

Sample Golf Club
As If Stabilized - Income/Expense Pro Forma
9/3/2015



Golf Rounds	29,000
Income	
Average green fee	\$40.00
Green fee revenue (incl. cart)	\$1,160,000.00
Pro shop revenue per round	\$3.50
Pro shop revenue	\$101,500.00
Food & beverage revenue per round	\$15.00
Food & beverage revenue	\$435,000.00
Revenue per Round	\$58.50
Total Revenue	\$1,696,500.00

Exhibit 8.3 Sample Summary of Estimated Revenues for a Private Club**Sample Private Club
Income/Expense Pro Forma
11/17/2015**

Golf Rounds		13,500
Rounds per Member	60	
Nonmember rounds	15%	2,025
% of cart rounds	80%	10,800
Memberships		225
Income		
Average green/guest fee		\$75.00
Green/guest fee revenue (incl. cart)		151,875.00
Cart fee		25.00
Cart fee revenue		270,000.00
Average membership dues		9,500.00
Membership dues revenue		2,137,500.00
Revenue per member (pro shop)		1,250.00
Pro shop revenue		281,250.00
Revenue per member (F&B)		6,000.00
Food & beverage revenue		1,350,000.00
Revenue per member (other)		500.00
Other revenue		112,500.00
Revenue per member		19,125.00
Total Revenue		\$4,303,125.00

Exhibit 8.4 Operating Expense Summary**Departmental Costs and Expenses**

Golf maintenance (incl. payroll)		\$ 800,000
Golf cart expenses	60 @ \$850	51,000
Pro shop COGS and expenses	125%	351,563
F&B COGS and expenses	100%	1,350,000

Undistributed Expenses

General and administrative	7%	\$ 285,469
Repairs and maintenance	4%	163,125
Management	3%	122,344
Marketing	2%	81,563
Professional fees	1%	40,781
Utilities	4%	163,125

Fixed Expenses

Real estate taxes		\$ 151,389
Insurance	2%	80,000
Reserves/capital improvements	2%	81,563

Total Operating Expenses**\$3,721,920**

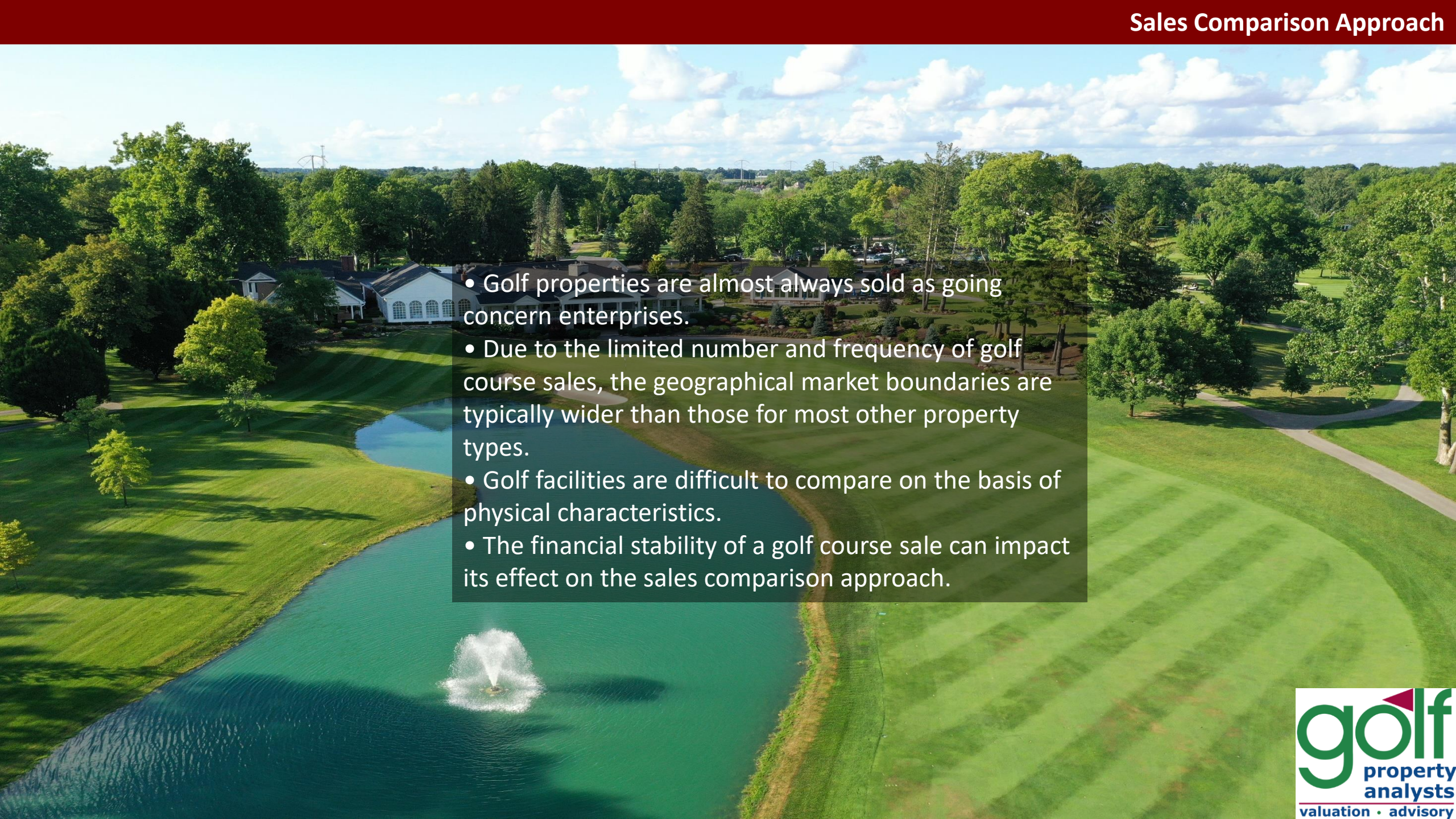
Exhibit 8.9**Capitalization Rate Sources**

Golf Property Analysts band of investment	10.37%
Society of Golf Appraisers survey	10.60%
RealtyRates.com debt coverage ratio	9.49%
RealtyRates.com band of investment	10.39%
RealtyRates.com survey	11.92%
Selected Rate	10.50%



Exhibit 8.10 Sample Private Club Income/Expense Pro Forma		
Sample Private Club Income/Expense Pro Forma 11/17/2015		
Golf rounds		13,500
Rounds per member	60	
Nonmember rounds	15%	2,025
% of cart rounds	80%	10,800
Memberships		225
Income		
Average green/guest fee		\$75.00
Green/guest fee revenue (incl. cart)		151,875.00
Cart fee		25.00
Cart fee revenue		270,000.00
Average membership fees		8,500.00
Membership revenue		1,912,500.00
Revenue per member (pro shop)		1,250.00
Pro shop revenue		281,250.00
Revenue per member (F&B)		6,000.00
Food & beverage revenue		1,350,000.00
Revenue per member (other)		500.00
Other revenue		112,500.00
Revenue per member		18,125.00
Total Revenue		\$4,078,125.00
Expenses		
Departmental Costs & Expenses		
Golf maintenance (incl. payroll)		800,000.00
Golf cart expense	60 @ \$850	51,000.00
Pro shop COGS & expense	125.0%	351,563.00
F&B COGS & expense	100.0%	1,350,000.00
Undistributed Expenses		
General & administrative	7.0%	285,469.00
Repairs and maintenance	4.0%	163,125.00
Management	3.0%	122,344.00
Marketing	2.0%	81,563.00
Professional fees	1.0%	40,781.00
Utilities	4.0%	163,125.00
Fixed Expenses		
Real estate taxes		151,389.00
Insurance	2.0%	80,000.00
Reserves/capital improvements	2.0%	81,563.00
Total Operating Expenses		\$3,721,920.00
Expense ratio		91.3%
Net Operating Income of Annual Operations		\$356,205.00
Capitalization of Net Operating Income		
Overall capitalization rate		10.50%
Indicated value	= \$356,205 ÷ 10.50%	= \$3,392,426.00
Rounded to		\$3,400,000.00



- 
- Golf properties are almost always sold as going concern enterprises.
 - Due to the limited number and frequency of golf course sales, the geographical market boundaries are typically wider than those for most other property types.
 - Golf facilities are difficult to compare on the basis of physical characteristics.
 - The financial stability of a golf course sale can impact its effect on the sales comparison approach.

- Selection of Sales:
 - Type of club
 - Location
 - Gross revenue
 - Financing
 - Turnarounds
- Date of sale
- Demographics

- **UNITS OF COMPARISON**





Exhibit 8.14 Comparable Sales Summary

Comparable Sales Summary Sample Golf Club 9/3/2015											
No.	Club	City	State	Zip Code	Sale Date	Sale Price	Rounds of Golf	Type	Holes	Gross Revenue	(G/M)
1	Harvest Hill Golf Center	Orchard Park	NY	14127	10/12	\$941,390	24,000	DF*	18	\$500,000	1.88
2	Radisson Greens Golf Club	Baldwinsville	NY	13027-1517	11/12	\$1,600,000	19,500	DF	18	\$725,000	2.21
3	Deerfield Golf and Country Club	Brockport	NY	14420	12/12	\$2,100,000	22,000	DF	27	\$1,900,000	1.11
4	Rothland Golf Course	Akron	NY	14001-9332	2012	\$795,000	18,000	DF	27	\$750,000	1.06
5	Wentworth Hills Golf Club	Plainville	MA	02762-1001	2013	\$2,100,000	25,000	DF	18	\$1,500,000	1.40
6	The Bay Pointe Club	Onset	MA	02558-1700	2/13	\$1,700,000	24,000	DF	18	\$1,600,000	1.06
7	Centerpointe Golf Club	Canandaigua	NY	14424	3/13	\$580,000	16,000	DF	18	\$1,200,000	0.48
8	Windham Golf Club (Formerly the University Club)	North Windham	CT	06256-1308	3/14	\$1,375,000	15,000	DF	18	\$725,000	1.90
9	Calverton Links Golf Course	Calverton	NY	11933	5/14	\$3,500,000	30,000	DF	18	\$2,300,000	1.52
10	North Ridge Golf Club (Formerly Pine Valley)	Southington	CT	06489-1013	4/14	\$7,000,000	26,000	DF	18	\$2,000,000	3.50
11	Chippabee Golf Club	Bristol	CT	06010	1/15	\$1,500,000	\$15,000	PR*	18	\$2,200,000	0.68
12	Pawtucket Country Club	Pawtucket	RI	02861	2/15	\$1,800,000	\$16,506	PR	18	\$1,300,000	1.38

* DF = daily fee, PR = private

the Court with documentation to support any of its capitalization rate figures or calculations.

Furthermore, the golf courses “are usually considered as special purpose properties; they are not so regularly sold or exchanged in the marketplace as most other properties.” Karla L. Heuer, *Golf Courses, a Guide to Analysis and Valuation*²⁰ 28 (1980). The court is satisfied that semi-private golf courses like “private nonprofit and municipal courses . . . usually do not generate sufficient income for return on investment, [and, therefore, the] application of the income approach [to value] is often precluded.” *Id.* at 102. “[T]he income approach is seldom appropriate in appraising a private nonprofit club or a municipal course” *Id.* at 107; this court finds no distinction with semi-private courses such as Bear Brook.²¹

the State of New Jersey, Department of Environmental Protection, a non-for-profit entity.

While it is clear to the court that the Cost Approach is the most appropriate valuation method for Bear Brook, Fredon’s Cost Approach must nevertheless be rejected for the deficiencies delineated hereinabove.



Cost Approach

The 2005 text *Analysis and Valuation of Golf Courses and Country Clubs* states “The cost approach is uniquely applicable to the appraisal of golf facilities.” However, there are few instances when the cost approach is relevant in the valuation of a golf course property, existing or not. The market has evolved to a point at which the cost of development of a golf facility is largely irrelevant in the analyses of buyers and sellers in the marketplace. This fact is attested to in the same publication, which states that “*investors rarely use the cost approach to estimate an acquisition price; sellers of these properties rarely apply the approach either, although some may.*”¹³ It is unlikely at best that any seller would be successful in actually selling a property based on a cost approach valuation, and a buyer would not consider a cost approach analysis in his or her evaluation.

Functional obsolescence is evident from a variety of curable conditions, such as players and maintenance personnel having difficulty getting around the site and poor design or construction that results in a lack of functionality. Of course, there are instances when the building facilities are either poorly located or designed, resulting in a lack of visibility or ease of access between the golf course and its buildings. Incurable items include forced carry-over hazards that can’t be reconfigured or the inability to modify terrain that is too steep or correct flooding issues near waterways.

Economic obsolescence is often the largest source of depreciation in golf courses. Because of market conditions, the cost of developing most golf properties often far exceeds their resulting market value. Herein lies one of the great challenges in developing and relying on the cost approach. The estimate of economic obsolescence can be nothing more than a “finger in the wind” unless one employs the market extraction method, which considers the value estimates from the sales comparison approach and the income capitalization approach.¹⁵ The challenge is that instead of comparing value indications from the different approaches to one another, it becomes necessary for the cost approach to *utilize* the other approaches and rely on their accuracy.

In cases when the course is an amenity to a residential development, often the economic obsolescence is a result of value that is transferred from the cost of the golf course development to the value of the development and its homes. This needs to be acknowledged.

The traditional age-life method of depreciation is often difficult to estimate for a variety of reasons, most notably that the estimate of economic obsolescence becomes a wild guess, unless a market extraction method is employed.



Exhibit 8.16 Sample Cost Approach Summary

**Sample Private Club
Cost Approach Summary**



Golf Course Reproduction Cost New

Golf course development	18 holes	\$3,500,000	
Clubhouse	15,000 sq. ft.	\$250.00	3,750,000
Pro shop	1,500 sq. ft.	250.00	375,000
Cart barn	8,000 sq. ft.	100.00	800,000
Maintenance facility	8,000 sq. ft.	150.00	1,200,000
Ancillary buildings			500,000
FF&E			1,200,000
Soft costs 5%			566,250
Total Reproduction Cost New			\$11,891,250
Accrued Depreciation			
10% physical deterioration		1,189,125	
15% functional obsolescence		1,783,688	
40% external obsolescence		4,756,500	
Total accrued depreciation			-\$7,729,313
Site Value 205 acres	205	7,500	1,537,500
Subtotal of costs			\$5,699,438
Entrepreneurial Incentive	@ 10%	\$0	569,944
Value by the Cost Approach			\$6,269,381
Rounded to			\$6,300,000



- Equity
- Member-Owned non-equity
- Deposit
 - Refundable
 - Non-Refundable
- Initiation Fees

- Value in Exchange
- 3 Approaches
- Units of Comparison
- Discounted Cash Flow
- “Special” Methods
- Memberships
- Personal Property
- Cost Approach
- **Assumed Sale**



- 
- An aerial photograph of a golf course clubhouse and surrounding landscape. The clubhouse is a white, single-story building with a dark roof, situated in the center of the image. It is surrounded by a paved parking lot with several cars. The golf course is visible in the background, with green fairways and a small pond. In the distance, there are hills and a power plant with two tall smokestacks emitting white smoke. The sky is blue with some clouds.
- Process
 - A/V Ratios
 - Accepted Approaches
 - Highest and Best Use
 - Town vs. County vs. State

- 
- New York
 - Florida
 - South Carolina
 - Illinois
 - Pennsylvania

- New York
- Maryland
- Ohio

- File Appeal Paperwork (deadlines in each state)
- Appear at Appeal Board Hearing
- Appeal Board Decision in:
 - Local Court
 - County Court
 - State Court
- Refund?
- Negotiate?


- Four Tests
 - Physically Possible
 - Legally Permissible
 - Financially Feasible
 - Maximally Productive
- Continued Use
- Alternative Use
- Interim Use
- Clean & Green
- Conservation Easements

A green Toro trash can sits on a grassy hill. In the background, there is a dense line of green trees. A semi-transparent dark box is overlaid on the image, containing white text.

Cost is what you pay. Value is what you get.

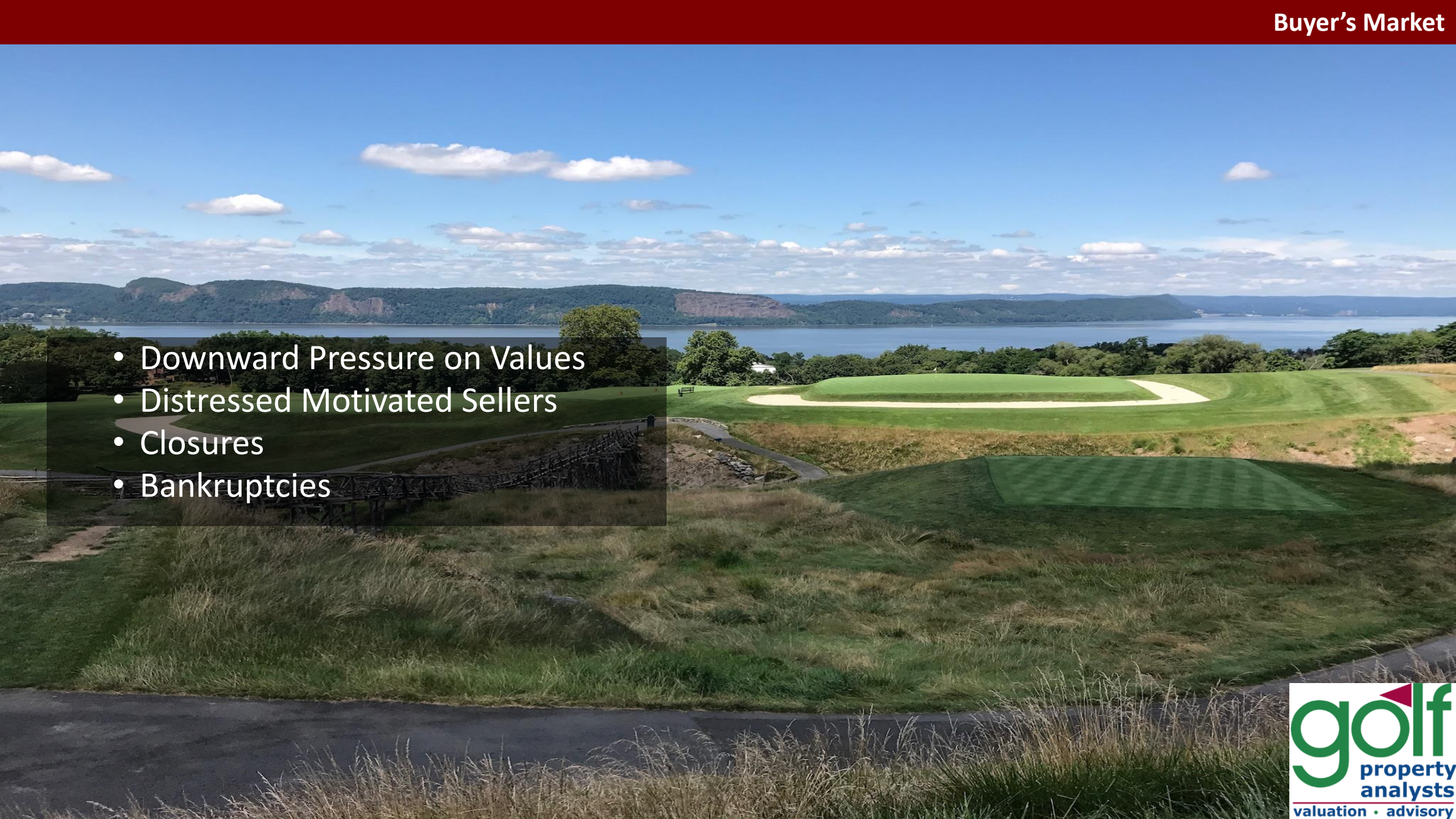
Warren Buffet

- **Bear Brook (NJ)** – Promotes Cost Approach
- **CC of New Garden City (NY)** – Continued Use
- **Richland CC (TN)** – Income Approach (v. Stock & Debt)
- **John's Island Club (FL)** – Can't tax ownership (membership) in corporation
- **Medallion (OH)** – equal weight to cost & income
- **Willows (MA)** – Must include income from refundable portion (earned interest)


- 
- An aerial photograph of a golf course with a clubhouse and parking lot in the foreground. In the background, a nuclear power plant with two large cooling towers is visible, emitting steam. The landscape is a mix of green golf courses, trees, and residential areas.
- Comparing Courses of Different Types
 - Poorly Done Highest and Best Use
 - OLD Market Data
 - Inadequate Market Data
 - Irrelevant Units of Comparison
 - Inappropriate Approaches
 - Unrealistic Income/Expense Estimates
 - Omission of Management & CAPEX Reserve
 - Incorrect Cap Rates
 - Not visiting Competition


- 
- Inherent Inefficiencies of Golf Courses
 - Food & Beverage
 - Management
 - Clubhouses & Facilities
 - Climate/Weather
 - Refund Liability

- 
- Buyer's Market
 - "Snapshot" Values
 - Determinants of Value
 - Long Term/Short Term
 - Distressed Clubs/Capital Needs
 - Personal Financial Stress
 - Future Prospects

- 
- Downward Pressure on Values
 - Distressed Motivated Sellers
 - Closures
 - Bankruptcies

- 
- “Trailing” 12 months
 - “First Year Forward”
 - Perceived Risk of Buyers
 - Long-term (lack of) use of banquet facilities

- 
- An aerial photograph of a golf course clubhouse and surrounding landscape. The clubhouse is a large, multi-story building with a grey stone roof and white walls with dark wood accents. It has several red awnings over the entrance. To the left of the clubhouse is a parking lot with a few cars. The clubhouse is surrounded by lush green trees and a well-maintained golf course. In the background, there are more trees and some houses on a hill. The sky is overcast.
- **PRESUMES A SALE! – TO WHOM?**
 - Declines in Play
 - Fewer/Smaller Gatherings/Functions
 - Cash Flow Impacted
 - Hesitant Buyers
 - Neglected Capital Items
 - Economic Fears
 - Lower Interest Rates

- 
- Duration of Impact
 - Long term vs. short term fallout
 - Recovery Cost
 - Recovery Period
 - Status of Competition

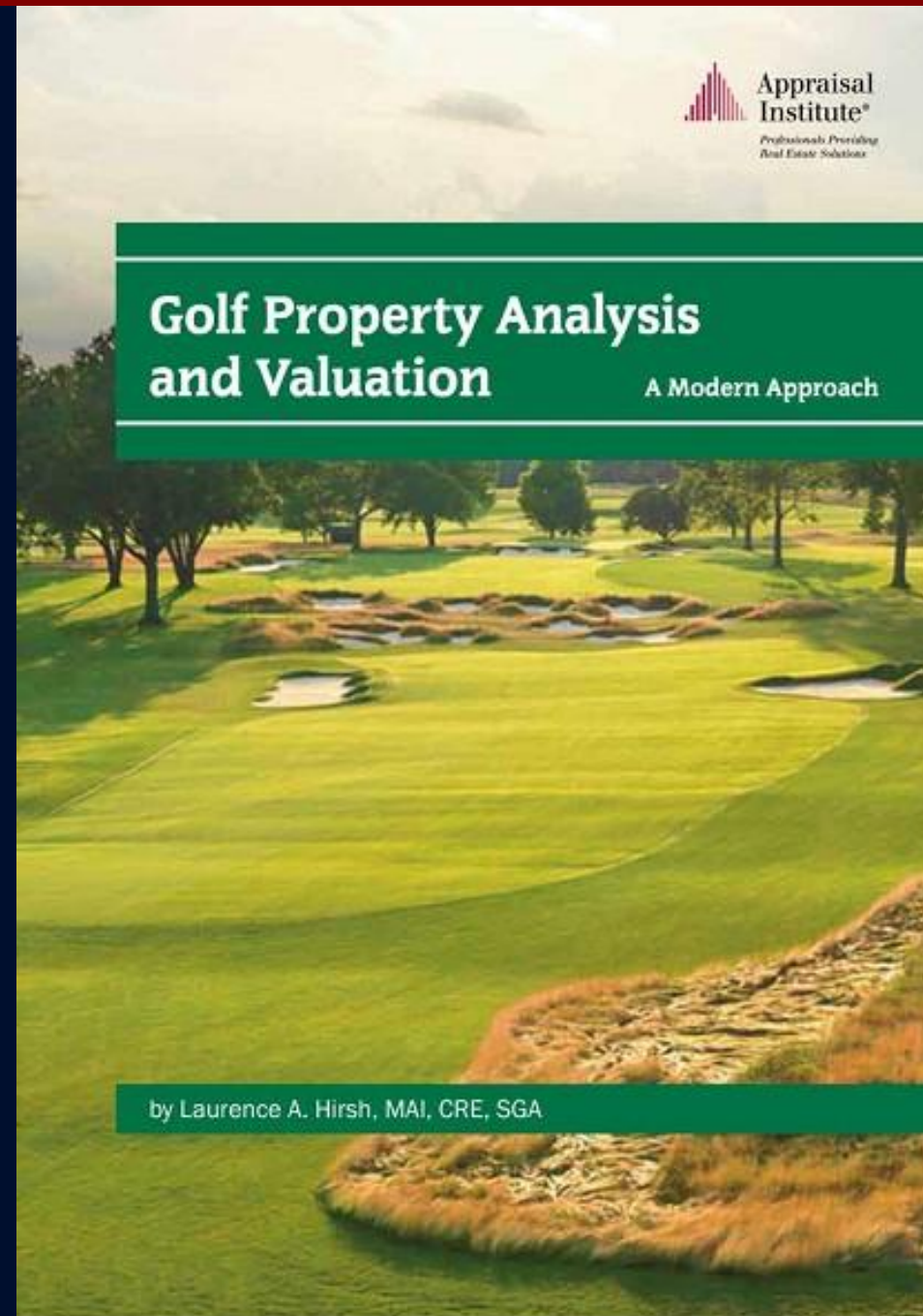
- 
- # of Distressed Courses?
 - Which competitors might not make it?
 - Depth of Market
 - Maintaining or increasing market share
 - Ability to invest capital
 - Target Market

- How many of your patrons have lost jobs?
- Fee "Deals"
- Giving up Golf?
- Alternative Activities?

- 
- An aerial photograph of a golf course clubhouse and surrounding area. In the foreground, there are several tennis courts with green and blue surfaces, enclosed by black fencing. A parking lot with several cars is visible to the left of the clubhouse. The clubhouse is a large, white, multi-story building with a gabled roof. The background shows a vast golf course with green fairways, sand traps, and scattered trees. The sky is overcast.
- Better Use of Property/Alt. Activities
 - Necessary Capital to compete?
 - Community Activities
 - On campus store
 - Sports Facilities

Book

www.appraisalinstitute.org/golf



<https://media.golfprop.com/media/2018/10/Journal-of-Property-Taxation-Article.pdf>

https://media.golfprop.com/media/2018/10/LAH-IAAO-Journal-Membership_0.pdf

<https://media.golfprop.com/media/2018/10/RE-Issues-Golf-Course-Tax-Assessments.pdf>

<https://golfprop.com/?s=Coronavirus>



The logo features the word "golf" in a large, green, lowercase sans-serif font. A small, solid red triangle is positioned above the letter "f". Below "golf", the words "property" and "analysts" are stacked in a smaller, white, lowercase sans-serif font. A thin red horizontal line is placed below "analysts". At the bottom of the logo, the words "valuation • advisory" are written in a white, lowercase sans-serif font, separated by a small red dot.

golf

property
analysts

valuation • advisory

Golf Property Analysts
925 Fayette Street
Conshohocken, PA 19428

Laurence A. Hirsh, CRE, MAI, SGA
610-397-1818
Larry@golfprop.com
www.golfprop.com