

SAMPLE COST APPROACH VALUATION

**COST APPROACH VALUATION
OF
THE HIGHPPOINT GOLF CLUB**



The cost approach involves the estimation of the market value of the land and course improvements, along with the replacement cost of the improvements, less any depreciation. The land should be valued using the direct comparison approach. Ideally, comparable land sales should have approximately the same area as the subject site, similar zoning, and a comparable location, and these sales should have taken place close to the date of valuation.

A cost approach valuation of the Highpoint Golf Course will require the following steps:

1. Analyze comparable sales and estimate the value of the raw land as if vacant.
2. Classify the course and estimate the value of the course improvements (tees, greens and fairways, etc)
3. Determine the replacement cost new of the improvements (clubhouse, maintenance building, irrigation system and parking lot.
4. Determine the appropriate depreciation rates.
5. Subtract the amount of accrued depreciation.
6. Add the depreciated replacement cost new to the land and course improvement values.
7. Conclude the final value.

Course Details:

Course Name:	Highpoint Golf Club
Location:	Rural area.
Green Fees:	\$34
Site Size:	110 acres
Slope (Back Tees):	107
Length (Back Tees):	5,657 yards
Year Built:	1987
Course Class/Type:	2/I
# of Holes:	18
Clubhouse:	3,800 square feet.
Maintenance Building:	4,000 square feet.

Land Valuation:

The six sales relied upon to estimate the value of the subject's raw land were all vacant and agriculturally zoned. The unit of comparison used to analyze golf course sites is typically the price per acre.

Land Sale No 1.

Location:	435 Stetson Avenue.
Sale Date:	February 22, 2007.
Sale Price:	\$618,000
Size Acres:	54.1
\$ Per Acre:	\$11,423
Assessment #:	1111
Comment:	Generally level terrain.

Land Sale No 2.

Location: 1542 Grandview Street.
Sale Date: November 17, 2007.
Sale Price: \$1,125,000
Size Acres: 75.9
\$ Per Acre: \$14,822
Assessment #: 2222
Comment: Level low lying.

Land Sale No 3.

Location: 1129 Crestview Avenue.
Sale Date: May 24, 2006.
Sale Price: \$1,030,000
Size Acres: 79.5
\$ Per Acre: \$12,956
Assessment #: 3333
Comment: Purchased by adjacent property owner.

Land Sale No 4.

Location: 1209 33rd Street.
Sale Date: August 22, 2007.
Sale Price: \$2,250,000
Size Acres: 160.0
\$ Per Acre: \$14,063
Assessment #: 4444
Comment: Large parcel that sold shortly after listing.

Land Sale No 5.

Location: 305 Riverside Drive.
 Sale Date: March 31, 2007.
 Sale Price: \$620,000
 Size Acres: 39.9
 \$ Per Acre: \$15,696
 Assessment #: 5555
 Comment: Nice level parcel.

Land Sale No 6.

Location: 1106 Suncrest Road.
 Sale Date: September 16, 2006.
 Sale Price: \$1,800,000
 Size Acres: 94.8
 \$ Per Acre: \$18,987
 Assessment #: 6666
 Comment: Mostly level with some undulations.

The six vacant land sales have been summarized on the following chart.

SALE #	ADDRESS	SIZE (ACRES)	SALE PRICE	SALE DATE	\$/AC
1	435 Stetson Avenue	54.1	\$ 618,000	22-Feb-07	\$11,423
2	1542 Grandview Street	75.9	\$1,125,000	17-Nov-07	\$14,822
3	1129 Crestview Avenue	79.5	\$1,030,000	24-May-06	\$12,956
4	1209 - 33rd Street	160.0	\$2,250,000	22-Aug-07	\$14,063
5	305 Riverside Drive	39.5	\$ 620,000	31-Mar-07	\$15,696
6	1106 Suncrest Road	94.8	\$1,800,000	16-Sep-06	\$18,987

The six sales indicate an unadjusted value range of between \$11,400 and \$18,990 per acre. The subject is most similar to Sales 3 and 4 in terms of location and topography. With consideration given to these two sales and with support from the other sales, the value of the subject land is estimated at \$13,000 per acre.

The estimated value of the land occupied by the clubhouse and parking lot is \$25,000 per acre.

Course Improvements:

The Highpoint is a Class 2, Type 1 course. The estimated value of the tees, greens and fairways is \$66,000 per hole. The irrigation system was valued at \$22,000 per hole.

Improvement Valuation:

The clubhouse and maintenance building were both valued with the Marshall Swift Valuation Manual. The replacement cost new of both buildings was depreciated by 30%. The irrigation system was depreciated 50%.

Clubhouse Data:

Size: 3,800 square feet.

Year Built: 1987.

Depreciated Value: \$276,000



Highpoint Clubhouse.

Maintenance Building Data:

Size: 4,000 square feet.

Year Built: 1987.

Depreciated Value: \$140,000



Highpoint Maintenance Building.

COST APPROACH SUMMARY SHEET

Year: 2008
Munic:
Course Name: The Highpoint
Address:

1) Land Assessment:

a) *Base Acreage*

Acres		Rate/Acre	=	
107	x	\$13,000	=	\$1,391,000
3	x	\$25,000	=	\$75,000
	x		=	\$0

Subtotal Base Acreage: \$1,466,000

b) *Tees/Greens/Fairways (Excluding irrigation system)*

Marshall/Swift
Sec 67 p 1/2

Per Hole Rate		CC Mult	LCM	=	Total rate per hole
\$66,000	x	1.05	1.03	=	\$71,379

Per hole rate		# Holes	=	
\$71,379	x	18	=	\$1,284,822

c) Base Acreage		Tee/Greens/Fairways		Total Land Value
\$1,466,000	+	\$1,284,822	=	\$2,750,822

Local Cost Multiplier 1.05
Current Cost Multiplier 1.03

2) Improvements

a) Structures	Depreciated Value	Depreciated Value With LCM & CCM
1) Clubhouse	\$255,000	\$275,783
2) Pro Shop		\$0
3) Maintenance Building(s)	\$130,000	\$140,595
4) Irrigation System (25% of Hole Cost Dep. @ 50%)	\$198,000	\$214,137
5) Driving Range		\$0
6) Misc. Buildings &		\$0
7) Paving - Parking Lot & Cart Paths	\$80,000	\$86,520

Total Improvement Value \$717,035

Total Value **\$3,467,857**