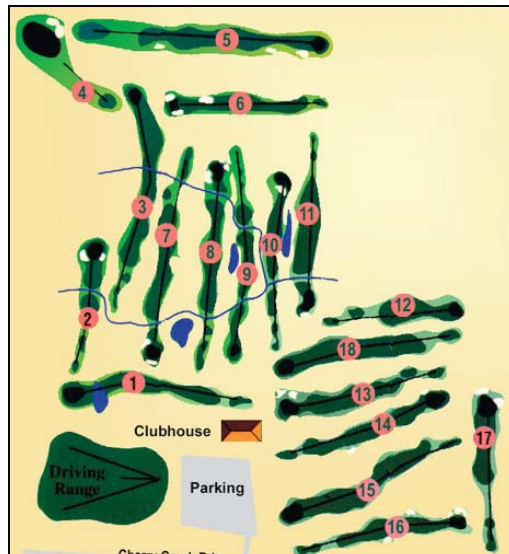


**SAMPLE DIRECT COMPARISON APPROACH VALUATION**

**DIRECT COMPARISON APPROACH VALUATION**  
**OF**  
**THE ODYSSEY GOLF & COUNTRY CLUB**



Course Name: The Odyssey  
Location: Mid-sized city.  
Green Fees at Sale Date: \$54  
Site Size: 130 acres  
Slope (Back Tees): 121  
Length (Back Tees): 6,632  
Year Built: 1996 Clubhouse, 1996 Maintenance Building  
Clubhouse Size: 10,380  
Depreciated Value of Bldgs: \$1,044,000  
Course Class/Type: Class III, Type II  
# of Holes: 18  
Comments: Good quality, well maintained, popular course and clubhouse.



The Odyssey Clubhouse



The Odyssey Maintenance Building

## DIRECT COMPARISON APPROACH SAMPLE VALUATION

An example of the direct comparison approach has been applied in the valuation of a hypothetical golf course known as The Odyssey Golf Club. As discussed earlier in the module, the direct comparison approach is best suited in establishing a value range for a property, not a specific value estimate. This approach should be completed as crosscheck to the primary valuation method selected. The value estimated by the cost or income approach should, in most cases, fall within the indicated direct comparison approach range.

As with the income and cost approaches, the direct comparison approach involves a series of steps that lead to an estimate of value. In order to establish a value range for The Odyssey Golf Club, the following steps are required:

9. Gather pertinent information regarding the physical characteristics of the golf course and buildings.
10. Select golf course sales as similar as possible to The Odyssey.
11. Select appropriate units of comparison.
12. Analyze and compare each comparable sale's characteristics to The Odyssey.
13. Rank the overall suitability of each comparable and establish a value range.

The units of comparison relied upon in the following example are for illustrative purposes. Depending on the quality and similarity of the comparable to a subject property, it may be necessary to consider additional characteristics.

## DIRECT COMPARISON APPROACH

The following sales have occurred throughout the province over the past few years. The selection of sales has been limited to those deemed to be the most comparable to the subject property.

### **Index 1**                      The Plains Golf Club

The Plains golf course is semi-private club located just outside the urban area of a mid-sized city. The property has suffered from two years of severe winter damage and consequently golf income was affected. The golf course is considered a class 3; it has a spacious clubhouse and older maintenance building. There is no driving range. The sale occurred in February 2008 for \$3,450,000, indicating a rate per hole of \$191,667.

### **Index 2**                      View Royal Golf Course

This course sold in April 2007 and is an average quality course located on edge of a major city. The course is popular due to its reasonable green fee, ease of play and practice facility with a natural grass driving range. The clubhouse is basic but adequate for the market they cater to. The sale price was \$3,900,000 or \$216,667 per hole.

### **Index 3**                      Granite Rock Golf Course

This March 2005 sale is the most dated of the five comparable properties. The course is one of several class 3 courses located in this area that caters to the summer tourist. The altitude limits the playing season and creates challenges for course maintenance. The clubhouse is somewhat oversized for the location. The sale price was \$4,300,000, or \$238,889 per hole.

### **Index 4**                      Spring Meadows Golf & Country Club

This semi-private, championship quality, course is considered the highest quality course of the five comparables. It is located within a mid-sized urban city and is very popular and busy throughout the golf season. With \$60 green fees they attract more experienced and affluent golfers. The high quality clubhouse's food and beverage revenue is high due the course's popularity for weddings and banquets. The indicated rate per hole is \$361,111.

### **Index 5**                      Edgewater Golf Course

This comparable is an active listing of a semi-private class 3 course located just outside a major urban centre. The clubhouse is popular for weddings and banquets; it also has a driving range with covered stalls. The low cap rate of 5.7% and high GIM indicate the course may be over-priced for the amount of revenue it generates. The indicated rate per hole is \$408,333.

### COMPARABLE SALES CHART

	SALE # 1	SALE # 2	SALE # 3	SALE # 4	LISTING
<b>Course Name</b>	The Plains	View Royal	Granite Rock	Spring Meadows	Edgewater
<b>Location</b>					
<b>Sale Date</b>	Feb-08	Apr-07	Mar-05	Jun-06	Feb-08
<b>Sale Price</b>	\$3,450,000	\$3,900,000	\$4,300,000	\$6,500,000	\$7,350,000
<b>Cap Rate- Stabilized Economic</b>	7.0%	7.3%	8.3%	8.5%	6.2%
<b>GIM- Stabilized Economic</b>	4.2	4.1	3.3	3.8	5.9
<b>Green Fees at Sale Date</b>	\$44	\$37	\$55	\$60	\$65
<b>Site Size</b>	135 Acres	118 Acres	112 Acres	148 Acres	140 Acres
<b>Slope (back tees)</b>	118	122	117	133	125
<b>Length (back tees)</b>	6,275 yards	6,157 yards	6,052 yards	7,134 yards	6,120 yards
<b>Year Built</b>	1980	1988	1994	1998	1991
<b>Clubhouse Size</b>	4,800 sq ft	3,940 sq ft	10,834 sq ft	8,700 sq. ft.	13,200 sq ft
<b>Depreciated Value of Buildings</b>	\$650,400	\$568,600	\$912,000	\$1,160,000	\$1,354,000
<b>Course Class/Type</b>	3/I	2/II	3/II	3/III	3/II
<b>Number of Holes</b>	18	18	18	18	18
<b>Sale Price per Hole</b>	\$191,667	\$216,667	\$238,889	\$361,111	\$408,333
<b>Comments</b>	Course in rough shape at sale.				Listing only

**DIRECT COMPARISON CHART - THE ODESSEY GOLF COURSE**

	SUBJECT	SALE 1	SALE 2	SALE 3	SALE 4	SALE 5
Name	The Odyssey	The Plains	View Royal	Granite Rock	Spring Meadows	Edgewater
Location	Mid-sized city	Mid-sized city	Major city	Resort area	Mid-sized city	Major city
Date of Sale		Feb-08	Apr-07	Mar-05	Jun-06	Listing
Sale Price		\$3,450,000	\$3,900,000	\$4,300,000	\$6,500,000	\$7,350,000
# of Holes	18	18	18	18	18	18
Rate Per Hole		\$191,667	\$216,667	\$238,889	\$361,111	\$408,333
Green Fee	\$54	\$44	\$37	\$55	\$60	\$65
<b>ADJUSTMENTS</b>						
Property Rights	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Financing Terms	n/a	n/a	n/a	n/a	n/a	n/a
Condition of Sale	n/a	n/a	n/a	n/a	n/a	n/a
Market Conditions	n/a	n/a	n/a	n/a	n/a	n/a
Location		inferior/similar	superior	inferior	similar	superior
Quality of Course		inferior	inferior	similar	superior	superior
Size	130 Acres	similar	inferior	inferior	similar	similar
Quality of Improvements	Good	inferior	inferior	similar	superior	superior
Income Sources	Driving range	inferior	inferior	inferior	similar	similar
Green Fee Rate		inferior	inferior	similar	superior	superior
Length of Season	April to October	similar	similar	inferior	similar	similar
Irrigation System	Automatic	similar	similar	similar	similar	similar
Overall Comparability		inferior	inferior	inferior/similar	similar/superior	superior
<b>ANALYSIS</b>						
<p>The four comparable sales and one listing indicate a per-hole range of \$191,667 to \$408,333. Sales 1 and 2 are both considered inferior to the subject which would indicate a per-hole value, in excess of \$216,000 for The Odyssey Golf Course. Sale 3 is slightly inferior while Sale 4 is considered slightly superior. Sale 5 is considered superior to subject. The Odyssey appears to fall between Sales 3 and 4, indicating a value of between \$238,000 and \$361,000 per hole. This would suggest a value range of \$4,300,000 to \$6,500,000 for The Odyssey Golf Course.</p>						