



MISCELLANEOUS PROPERTIES COMMITTEE

Practice Note 7

REVALUATION 2005

Valuation of Golf Courses

1.0 Introduction

This practice note applies to the valuation of golf courses.

Golf courses fall into three main categories: private members clubs; commercially operated (pay as you play); and municipal courses. The quality of golf courses ranges from nine hole courses on little more than basically developed agricultural land to manicured championship standard courses, with a wide variety in between.

Typically, in addition to the golf course, the subject may also include a clubhouse, professional's shop, green-keeper's sheds and practice areas.

2.0 Basis of Valuation

Golf courses should be valued on the comparative principle of valuation. The value of the course will be arrived at by applying a rate per hectare derived from rental information.

3.0 Valuation Considerations

The individual and inherent characteristics of each golf course should be taken into account where they are of such a nature as to affect rental value.

4.0 Rates To Be Applied

The rates per hectare to be applied are contained in the table below. These have been ascertained from analysis of golf course rents from throughout Scotland. Before determining the rate to be applied, the course requires to be classified in relation to the following classification and location descriptions:

4.1 Classification

Category A: The premier golf courses of Scotland of major championship standard on account of layout, length and features

Category B: Although of championship length and quality, not used for major championships, generally due to the fact that major championships are traditionally associated with other courses. May be used as qualifying courses for major championships or for national or regional championships.

Category C: Good quality, members courses; pay as you play and municipal courses.

Category D: Basic quality, members; pay as you play and municipal courses. Usually lacking the features to be found in a category 'C' course.

Category E: Courses which have the basic requirements for playing golf but are of poor quality. These courses are generally featureless and unattractive.

4.2 Situation

Situation 1: The two main cities and their environs.

Situation 2: Other large population centres and/or recognised golfing/tourist locations.

Situation 3: Fringes of the two preceding locations.

Situation 4: Rural situations with no recognised golfing attraction.

Situation 5: Remote situations.

4.3 Rates To Be Applied

The rates in the following table assume a manual irrigation system.

SITUATION	CLASS				
	A	B	C	D	E
1	£1000 - £900	£850 - £750	£700 - £600	£500 - £450	£400 - £350
2	£800 - £650	£650 - £500	£500 - £400	£350 - £300	£300 - £250
3	£550 - £500	£450 - £400	£350 - £300	£300 - £250	£250 - £200
4	£400 - £350	£350 - £300	£300 - £250	£225 - £175	£175 - £150
5	£350 - £300	£300 - £250	£250 - £200	£200 - £150	£150 - £125

4.4 Irrigation

As stated above the rates to be applied assume a manual irrigation system. If the course has fully automatic irrigation then the additions from the table below should be applied:

Extent of Irrigation	Addition to Basic Rate
Tees, Greens and Approaches	10%
Tees and Greens	5%
Greens Only	2.5%

Should the situation arise where the fairways on a course are also fully irrigated then an addition of 5% might be considered appropriate.

If a course has no water available on site then an allowance of 10% should be granted.

4.5 Average Area

The area of a standard 18 hole golf course normally falls in the region of 35 to 45 hectares (9 hole pro-rata) and will usually allow the course to be played with minimum interruption.

In calculating the area to be used in the valuation it may be appropriate to exclude certain areas within the boundaries of the course, e.g. excessive woodlands, marshy areas or areas of scientific importance.

Where the area is below 35 hectares then the quality of the course is likely to be affected by the restrictive nature, e.g. crossover fairways, shared greens, etc. Where the area exceeds 45 hectares consideration should be given to whether this excess area is a feature which contributes to the character of the course. Where excess area does not contribute to the character of the course, consideration should be given to exclusion from the effective area.

Where a course falls outside the recommended norm an end allowance may be considered using the tables below:

18 Hole Courses

Area Range	Allowance
25 Ha. to 35 Ha.	10% to 0%
45 Ha. to 55 Ha.	0% to 10%
55 Ha. to 65 Ha.	10% to 20%
Over 65 Ha.	Up to 30%

9 Hole Courses

Area Range	Allowance
10 Ha. To 17.5 Ha.	10% to 0%
22.5 Ha. to 30 Ha	0% to 10 %
Over 30 Ha.	10% to 20%

Where a Championship standard course exceeds 45 hectares, an allowance should not be given automatically. By their very nature such courses require more ground, e.g. for tented villages, practice areas, parking etc. In such circumstances any allowance should only relate to areas of ground considered to be superfluous.

4.6 Allowances

Where a course suffers from features which have a detrimental effect on character and quality, such as severance by a public road, liability to flooding, etc, an appropriate allowance not exceeding 15% in total may be considered. Any allowance in excess of this suggests that the rate per hectare adopted should be reconsidered. If any detrimental features have been taken into account in determining the rate then no allowance should be made.

New courses when they open sometimes restrict play in order to allow the course to settle in and therefore minimise the chance of lasting damage at an early stage. In such circumstances it might be considered appropriate to grant a 'start up' allowance which will gradually be reduced as the course matures.

5.0 Practice Ground

Areas of ground set aside as practice areas including putting greens, driving ranges, etc. should be added at the basic rate applied to the course, up to a maximum of £500 per hectare.

6.0 Ancillary Buildings

The course rates adopted are derived from rents exclusive of any ancillary buildings. It is therefore appropriate to add separately for any ancillary buildings such as tractor sheds, green-keepers sheds etc.

The valuation of ancillary buildings should be derived from local evidence, having regard to the location and use of the buildings. It is recommended that any addition for ancillary buildings should not normally exceed 10% of the value of the subjects.

7.0 Clubhouse

Where there is a clubhouse or pavilion, this should be valued in accordance with Miscellaneous Properties Committee Practice Note 5, although in some instances it may be considered appropriate to value such subjects by comparison with licensed clubs.

8.0 Professional's Shop

Most golf clubs will have a professional shop of some kind. This may be contained within the clubhouse building or form a separate building. Where the professional's shop is contained within the clubhouse, and is of similar quality, the clubhouse rate should be applied to the shop.

If the professional's shop is contained in a separate building it may be appropriate to value in comparison with local shops where there is suitable evidence available. In the absence of local evidence, the rate applied to the clubhouse should be applied.

9.0 Car Parking

The aforementioned rates are exclusive of car parking. Where car parking is provided, an addition should be made in accordance with local evidence. The addition for car parking should not normally exceed 10% of the value of the entire subject.