

## COMMERCIAL LEISURE PROPERTY VALUATION: A COMPARISON OF THE CASE STUDIES IN UK AND LITHUANIA

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**ABSTRACT.** The development of leisure as an economic activity has come into focus over the last century. Nowadays, a commercial leisure property has gained an important role within the total spectrum of world economies. Despite these developments in the leisure sector, the valuation of property for the purpose of commercial leisure is still regarded as an Achilles' heel. The accepted approach to the property valuation in UK is to perform an open market valuation for the existing use. However, for the specialized properties including leisure assets, the distinctive valuation methodology has to be applied. This paper outlines the principles of methodology that are commonly used for the valuation of leisure property in the UK, Lithuania and other countries. Factors affecting the valuation process with respect to the property development and investment decision are discussed. The study is accompanied with examples of valuation method applications and analyses of individual case studies of golf course valuation.

**KEYWORDS:** Leisure; Property; Valuation; Methodology; Golf

### 1. INTRODUCTION

Real estate valuation is a vital constituent of every business. As the land and property are key elements required for production of goods, the value of real estate depends on uses to which it is put and, hence, on the demand for the product that is being produced. Value of the property is affected by a number of factors including the general economy, demand and supply of product, availability of finance, legal impact, planning system, physical

constraints, and other social and economic elements influencing the market. The valuation is a process for the determining the property value by assessing influence of all these economic, social, legal, physical and political factors on the price. As an end product, the valuation process establishes the market value of property by estimating exchange price, which will be used for the property transaction in the market place at the particular moment of time (French, 2004).

Valuation is required for a wide range of purposes including the property purchase or sale, transfer, mortgage, rent, insurance, expropriation, investment, financing, rating, estate or inheritance settlement, taxation, and etc (Millington, 2001; Pagourtzi et al., 2003; Brown, 2008). The purpose has to be determined before the valuation is performed, even if the valuation method is independent of the valuation purpose.

To date, the amount at literature and research on the valuation of commercial leisure property is relatively limited and inconsistent. RICS guidelines provide the principles of leisure property valuation (RICS, 2007). Despite some indications are given, these principles do not dictate the method that should be used for the valuation. Moreover, RICS guidelines do not provide the theoretical basis on which commercial leisure properties are valued.

This paper offers a short overview of methods that are used for the property valuation and focuses on the valuation of specialised property with particular emphasis on the leisure property.

We compare the golf courses valuations as case studies of the leisure property valuation in the UK and Lithuania.

## 2. LITERATURE REVIEW

### 2.1. Price, market value and valuation

For any valuation method in order to have validity it must produce an accurate estimate of the market price. The method should therefore reflect the market culture and conditions at the time of the valuation. It must be remembered that the model is a representation of the underlying fundamentals of the market and that the resulting figure of the valuation is “value”.

The value indicates the exchange price of the property, most likely, in the quantitative

way, if the property is to be sold in the open market. Under the IVSC (2007) Standards, Market Value is defined as following “market value is the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arms length transaction, after proper marketing, wherein the parties had each acted knowledgeably, prudently and without compulsion.” This definition has been internationally accepted and adopted by many national property organisations including UK and Lithuania. It should be mentioned that in majority European countries the market value is directly determined on the basis of average market price, while in UK and USA the market value tend to be based on the best market price for the property (Needham, 1988; Maliene, 2000; McParland et al., 2000). Currently, both views on determination of market value are accepted in Lithuania.

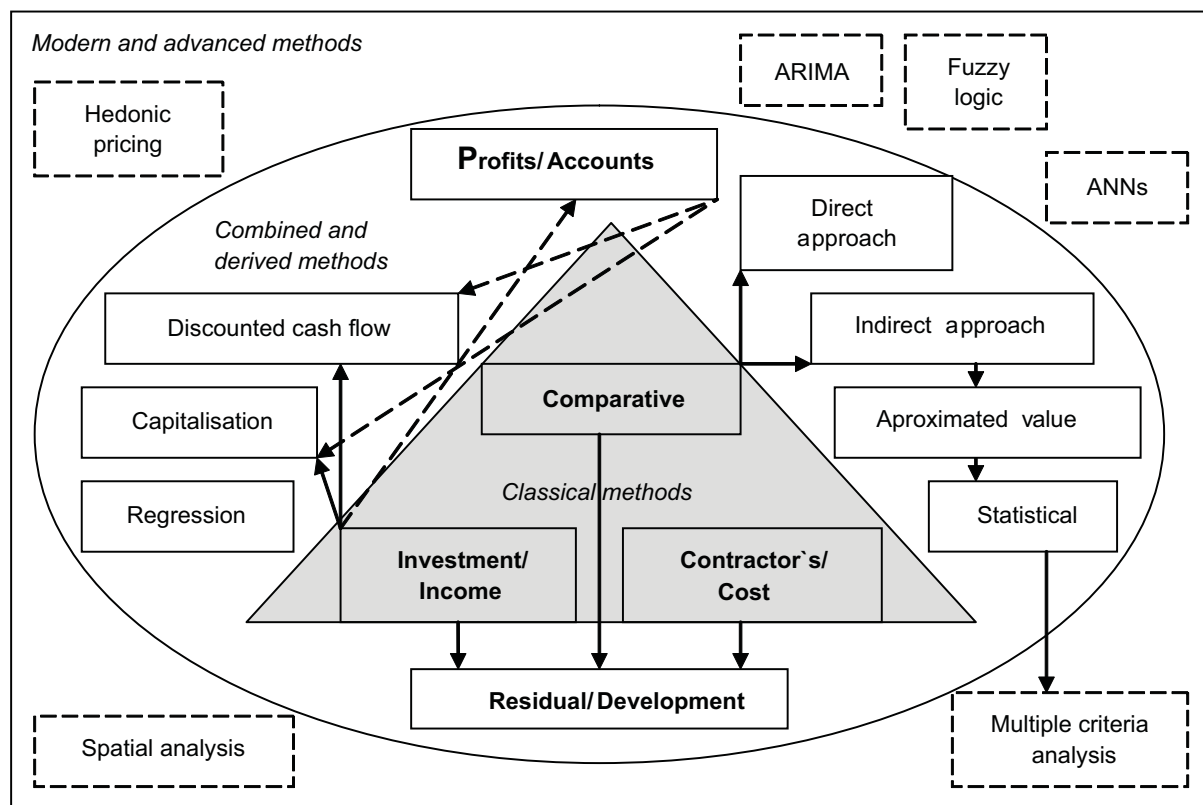
The market value is established by applying valuation methods and techniques that recognize the nature of property and the circumstances which will affect and determine the trade price of the asset (Maliene, 2000).

### 2.2. Property types for the purpose of valuation

The aim of any valuation is to achieve the best estimate of the transaction price of the property. Depending on the type and use for business, properties are divided into the non-specialised and specialised, valuation of which are performed using distinct methods. For non-specialised property the sufficient transaction activity is normally available to establish the level of prices without the need to interpret the underlying essentials of property. Then, final value is determined by comparison. The market of specialised properties is significantly more diverse than the non-specialised properties one. The main reason of this is the nature of the property.

Specialised properties do not often transact or there is no established market of transactions to determine the value of property by comparison with previously sold assets. Under these circumstances, the process of valuation is based on restricted number of methods, which assess the nature and underlying essentials of property in a way that its value can be established by referring to the cost of replacement, income or profit producing qualities of the property. This is the foundation of the valuation methods used for the valuation of specialised property (Sayce, 1995; Askham, 2003).

Usually, for non-specialised property, the value is based on the property’s income producing potential as an investment. Whereas, the value of the specialised property is established on the owner-occupier’s views of the property worth by assessing the contribution it will make to the business profit and the subjective issues as security or surrounding environment. Having none or very little transaction evidence, the estimate of exchange price can be deduced with attempt to replicate calculations of worth relying on the accepted valuation method (model) (French, 2004).



**Figure 1.** Methods for property valuation and their relationship.

Traditional methods shown in bold. Classical methods are in grey shaded triangle. Combined and derived methods are in oval. Modern and advanced methods are in the rectangle.

### 2.3. Valuation methodology

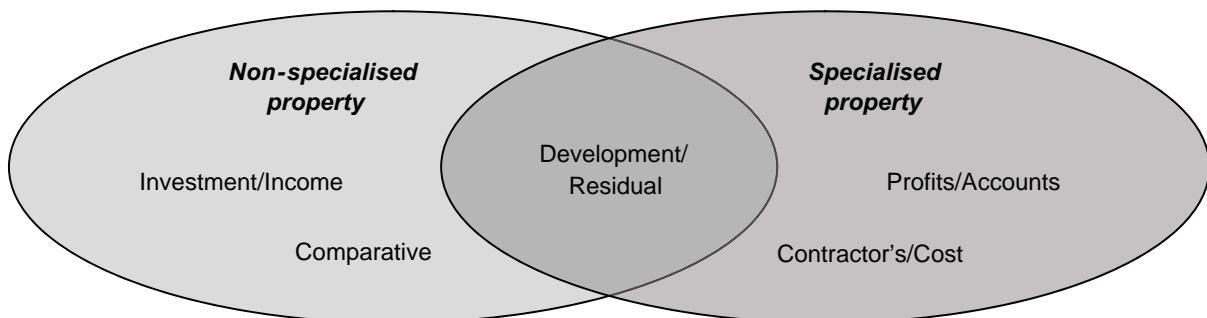
The property valuation is monitored by the International Valuation Standards Committee (IVSC, 2007), RICS Red Book standards (RICS, 2007) and European Valuation Standards (EVS) (TEGOVA, 2003), which describe methodologies for valuation of any type of property. Over the past decade, the IVSC has evolved and expanded and now produces standards for many types of assets including residential, commercial and leisure properties, plants and equipment, intangible assets and businesses, and for different applications such as financial reporting and bank lending. The International Valuation Standards (IVS) are already recognised and accepted by a wide range of countries: as national standards in Australia, New Zealand, Romania, Turkey, South Africa and within national standards in UK and Ireland. Some other countries are still working towards adoption of IVS (Philippines and Columbia). The UK Financial Services Authority requires valuation reports for property companies to be prepared under either UK national standards or IVS. UK valuation standards, the RICS Red Book (RICS, 2007), are harmonized with IVS and EVS.

The surveys show that there are clear benefits from the adopting RICS Red Book standards versus the use of national standards. The national valuation standards are considered

to be the most useful for the valuation of national and industrial property, whereas the RICS Red Book is often adopted when undertaking international investment valuations (McParland et al., 2002). The growing property market in Europe already has a significant impact on the valuation standards.

The main focus of the valuation is to address and justify the concept of economic value. A number of methods including classical comparative, investment, contractor's methods, as well as residual and profits (receipts and expenditure) or others (Figure 1) are used for the estimating market value of property (Colborne and Hall, 1993; Baum et al., 1997; Maliene, 2000; French, 2004; Skarzynski, 2006). Modern and advanced methods, as artificial neural networks (ANNs), hedonic pricing, spatial analysis, fuzzy logic and autoregressive integrated moving average (ARIMA) (Pagourtzi et al., 2003; Jackson, 2008; Arslan and Aydin, 2009; Urbanavičienė et al., 2009), as well as multiple criteria methods (Zavadskas et al., 1997, 2001; Maliene, 2001; Peldschus, 2009), becoming progressively accepted.

The majority of valuation methods are based on some forms of comparison. This can be direct capital comparison or build on a range of observations that allow establishing the value. Any of these methods are referred as traditional. In Figure 2, traditional valuation



**Figure 2.** Traditional valuation methods grouped according to the property nature.

methods are grouped according to the application for the non-specialised and specialised property (Pagourtzi et al., 2003). Nonetheless, each country can have a different method adopted for non-specialised and specialised property valuation, which is determined by individual national culture and experiences (Hannonen, 2008; Falkenbach, 2009). All five methods shown in the Figure 2 are used in UK, whereas, for example, in the Germany, only three methods are considered (Maliene, 2000; French, 2004). These classical three methods are shown in the triangle (Figure 1). The additional two methods, the development/residual and profits/accounts, are used in UK as traditional. It should be mentioned that these two methods are evolved from the investment method (French, 2004). Given that the profits/accounts method, and occasionally development/residual method, is used to value specialised property, all five methods are discussed in the paper.

#### **2.4. Specialised properties: commercial leisure property**

The property regarded as specialised is the asset that has insufficient market data to be valued by comparison and the existing use of which has continuity. On this basis, the following assets are referred as specialised: agricultural land, telecommunications, mineral extraction, land fill, bars and restaurants, casinos and clubs, cinemas and theatres, hotels, leisure properties (private), leisure properties (public), care/nursing homes, hospitals, development property, petrol stations, woodlands, churches (French, 2004).

Pubs, parks, community centres, bars, restaurants, golf courses, resorts, hotels, cinemas, nightclubs, theatres, public houses and etc have leisure properties status in UK. Leisure properties can be the government funded, which includes parks, play grounds, leisure centres, and etc and those that are used for

private business, the commercial leisure properties. Later includes hotels, pubs, golf courses, other sports facilities and etc. So far, however, there has been done little research on the commercial leisure property.

The development of leisure as the economic activity has been continuously attracting global attention (O'Reilly, 1981; Gratton and Taylor, 1987; Henry, 1993). Its development has had significant effect on the urban design, especially on the shape and spatial distribution of the town (Cuthbert, 2007). The importance of leisure in the socio-economic environment of sustainable communities has gained recently a new level of awareness (Powell et al., 2006; Maliene et al., 2008a-b; Davies, 2008; McDonald et al., 2009).

The implications of leisure development are obvious as property used for commercial leisure purposes becomes increasingly important to the built environment and economy. The development of leisure and increased interest in leisure property requires methods and standards for the property valuations.

#### **2.5. Valuation of commercial leisure property in UK and Lithuania**

Historically, in UK, the profits or accounts method has been the most common method for the capital valuation of commercial leisure properties that are sold as fully operational business units (Dunse et al., 2004). However, in recent years the discounted cash flow technique (DCF) has been introduced by a number of organisations, most notably by British Association of Hospitality Accountants (Dunse et al., 2004) and as Rushmore and Baum (2001) states this is the most common method adopted in North America. Profits/accounts and DCF methods are used for the valuation of the commercial leisure property.

In UK the commercial leisure property is in a way unique as the incidence of owner-occupation is much higher than with other type of

commercial properties (Sayce, 1995). As a consequence of this occupancy pattern, majority of market transactions involve freehold with little indication of investment transactions. Where owner holds a lease, the amount of rent is very small and insignificant. Overall, this has defined the valuation method. Therefore, the profits method relies on the assumption that the value is based on the trading potential of property.

Commercial leisure property valuation is based on the guidance of the Red Book (RICS, 2007), which describes what operational entity should be considered by the valuation process: the legal interest in the land and buildings; the plant & equipment, trade fixtures, fittings, furniture, furnishings and equipment; the market's perception of the trading potential, excluding personal goodwill, together with an assumed ability to obtain/renew existing licences, consents, certificates and permits; and the benefit of any transferable licences, consents, certificates and permits. Besides, when the property is valued, tangible and intangible elements of property are not separated (Sayce, 1995).

The value of the property is dependent on the level of profit that can be gained from the business directly related to the property and that the value reflects on the entire operational entity. The property is perceived as integral part of the business. Besides the profits method, if appropriate, the valuation of commercial leisure property can be performed using the discounted cash flow, comparison method, or the combination of any of these three methods (RICS, 2007).

In Lithuania, commercial leisure properties including resorts, hotels, restaurants and pubs, golf courses, green tourism areas and houses, and other specialised leisure properties are intertwined combination of real and personal (tangible and intangible) property and are typically valued as going concern by income or profit approach (Devižyte and

Deveikis, 2008). The cost valuation method is most popular for the public-owned properties: stadiums, theatres, concert-halls, sport-halls, and other public houses.

Lithuanian Association of Property Valuers is a member of the European Group of Valuers Association since 1995 (TEGOVA, 2003; Galiniene et al., 2005), and valuation normally is performed by following the European Valuation Standards (EVS, 2005). The Lithuanian National Standards for Property and Business Valuation (LAPV, 2005) cover the methodology for the property valuation. The practical application of these standards had been reviewed recently (Deveikis, 2004; Deveikiene et al., 2008). Many aspects of methodology and valuation approaches are similar to the UK or other European country, and valuation standards are harmonised at some degree (McParland et al., 2002). Many leisure properties in Lithuania have one peculiarity – seasonal use, as the cold winter changes the leisure habits of the people (Devižyte and Deveikis, 2008).

## 2.6. Profits method valuation

The profits method has been traditionally used for the valuation of commercial leisure property (Marshall and Williamson, 1994). In UK the profits method is regarded as highly specialised. The development in leisure has significantly increased interest in leisure property valuation and, therefore, the profits method.

Profits method valuation is based on the assumption that the value of some properties will be related to the profits which can be made from their use (Millington, 2001). It is based on the fact that the majority of properties would have no value unless these properties are utilized for beneficial use. Depending on the type of property, the profits method can be applied in different formats that are supported by two main approaches: 1) the calculation of net profit, and 2) the capitalization of net profit (Colborne and Hall, 1993).



Establishing the net profit is crucial for the calculation using profits method. The method of this computation can lead to wide levels of disagreements, as the establishment of net profit from gross earnings and deduction of expenditure of the profit are elements in the calculation most susceptible to inaccuracy. The type of property determines the critical elements that need to be individually considered. These elements can be questions of licenses, special legislative constraints, etc. Nonetheless, for any commercial leisure property, the profit is the common critical factor.

In addition to studying accounts, the valuation must inclusively consider the competition, potential of location, statutory requirements, business grants, financing, quality of management, etc. Therefore, the accountant can not replace the valuer, who has to deal the financial, legal and physical information where high level of knowledge in property market with good understanding of leisure business required. Therefore, the profits method required good specialist skills, which would allow to find the sustainable net profit accurately.

The valuation by the profits method is hugely criticised in view of the fact that the net profit is based on historic accounts, which may have been affected by uneven economic activity. Therefore, as the purchaser is concerned with future profits, not past accounts, the net profit approach relying on the future projection is more valid. As Sayce states (1995): "The future projection of profit is in essence the same as the projection of rental values: the one relates to the estimated growth within the business in the light of both inflation and valuation factors, the other the estimate of future growth in rents in the light of not only inflation and the hypothetical tenant's ability to pay but also to future interaction between supply and demand of available built stock." Despite this, the estimation of net profit includes a large number of subjective judgments, which make the pressure on accuracy tremendous.

If sufficient number of sales is not available to determine a comparable value and rent incomes are not produced because property is in owner-occupied, then the valuation process should establish the value by returning to the detailed market analysis. For example, the market value of hotel that is owner-occupied will depend on the cash flow derived from property. The cash flow will be determined by the number of bedrooms, the rate per room and the average occupancy per year. This property is simply valued as the production unit; therefore, the economic rent of property has to be assessed from first principles. This is established by predicting the expected revenue from the hotel in each year and deducting all other costs. These costs will include direct costs, allowances for staff, as well as interest on money loaned to run the business and interest on capital for any equity attached to the business. Then, the capital value is established by multiplying the annual economic rent by the appropriate multiplier (Davidson, 2002). The economic rent is dependent on the supply and demand for the final product. This valuation process focuses on the fundamental analysis of property worth to the business. The same principle can be applied to any type of property, most likely to the specialised property, where the market value of property is directly related to the business performance within that particular property.

### **3. COMPARATIVE ANALYSIS OF GOLF COURSE VALUATION**

#### **3.1. Golf business**

Golf is recognised as a prestigious sport worldwide. Golf is especially popular in Scandinavia, UK, USA, Canada, Australia and other highly developed countries with deep traditions of liberal business. It is no secret that golf has been rediscovered in the Baltic States, including Lithuania, over the recent years. The game was "imported" to Lithuania and

popularised by business people; in other countries golf is an inseparable part of the business world. The need for a golf course in Lithuania emerged, as golf became a sport, leisure and a part of the “business culture” (Devižyte and Deveikis, 2008).

Lithuanian natural, cultural and tourist resources as well as the geographical location create favourable conditions for the development of golfing. In Lithuania the golfing season extends from April to November. The development of golf also relies on tourism because golfers from the neighbouring Scandinavian states well as the geographically close Germany come to spend their leisure time to Lithuanian golf courses. The Scandinavian countries, which have a rocky geographical relief, wide range of players, invest in new golf courses in the neighbouring countries from East Baltic coast, including the Lithuania (Devižyte and Deveikis, 2008).

International investors experienced in this area predict good golfing prospects in Lithuania. Five golf courses are currently available and according to the estimates, as many as 25 golf courses will be opened by 2025 in the country. The visitors are attracted to Lithuanian golf courses by lower prices, pleasant climate and nature. In the recent years, golfers representing Lithuania have been increasingly active participants of international tournaments. The first golf instructors in Lithuania are trained at the Academy of Physical Education of Lithuania in Kaunas. It graduated the first class of golf instructors in year 2007.

The UK has long lasting tradition in the golf business. It is not discussed in this paper as information on numerous golf courses can be found in Cuthbertson, 2004.

### 3.2. Golf course valuation in UK

The golf course is regarded as specialised property, since insufficient market data are available to value it by some form of comparison (French, 2004). The golf course is normally being run as private leisure business and, therefore, it is commercial leisure property.

In UK golf course is generally valued either on a profits method basis or using comparable market evidence. Valuations carried out on a profits basis are also cross-checked with comparables (RICS, 2007). Below are presented three examples of golf course valuation performed in UK.

#### Example 1

This example involves an 18-hole freehold golf course with a good quality clubhouse, including a manager's flat (with restricted occupancy), together with a house on the boundary of the property worth 275,000 Euro. The course is a well-managed business, generating sales of 1.1 million Euro with an (Earnings before Interest, Taxes, Depreciation and Amortization) EBITDA of 302,500 Euro, with limited scope for further development. The course does, however, need to upgrade the irrigation system and resurface the car park. Valuation method is shown in the Table 1.

**Table 1.** Golf course valuation, example 1

Criteria	Valuation (EUR)
EBITDA	302,500
YP* 13% in perpetuity (7.692)	X 7.692 (= 2,326,500)
Less capital expenditure (capex) for irrigation and car park	– 110,000 (= 2,216,500)
Add value of house	+ 250,000 (= 2,466,000)
<b>Total market value</b>	<b>2,466,000</b>

\* YP, Years' Purchase values are according to Parry's tables (Davidson, 2002)



**Example 2**

This example is of a similar golf course to that in Example 1, but with sales of 770,000 Euro, and EBITDA of 110,000 Euro, due to poor management. Forecasts have been produced showing sales increasing to 880,000 Euro (EBITDA 176,000 Euro) in Year 1; 990,000 Euro (EBITDA 247,500 Euro) in Year 2; 1,100,000 Euro (EBITDA 302,500 Euro) in Year 3; and on (Table 2). A higher yield is used, to reflect the risk and uncertainty involved in growing the business.

Both valuation in the example 1 and example 2 do not include cost of land, because normally it is freehold or rented from the Royal family. Cross-checking with comparables would support total market value figures.

**Example 3**

This example is of a freehold, 18-hole golf course, generating sales of 550,000 Euro, with an EBITDA of 55,000 Euro. Forecasts have

been provided showing sales increasing to 605,000 Euro (EBITDA 88,000 Euro) in Year 1; 660,000 Euro (EBITDA 121,000 Euro) in Year 2; and so on. There is also a good-quality house included, worth 275,000 Euro (Table 3). No capital expenditure (capex) is required. As this is a low-profitability course, but in an attractive area and with a pleasant house, it will appeal to a lifestyle buyer, and comparable evidence may outweigh the profits-based valuation. Particular care is needed, therefore, to assess the comparables, which are considered below.

Comparable A. Take a similar course but without house that has been sold recently for 825,000 Euro. Add house value of 275,000 Euro. Comparable market value A is 1,100,000 Euro. Besides, the inclusion of the house will increase the appeal to a lifestyle buyer, so this can be raised by 10%, to 1,210,000 Euro.

Comparable B. Take a similar course, with a house, generating sales of 840,000 Euro, with an EBITDA of 180,000 Euro, and little scope

**Table 2.** Golf course valuation, example 2

Criteria	Valuation (EUR)
176,000 Euro deferred year 1 at 15% (0.870)	+ 153,000
247,500 Euro deferred year 2 at 15% (0.756)	+ 187,000
302,500 Euro in perpetuity, deferred year 3 at 15% (6.667 X 0.657 = 4.38)	+ 275,000 X 4.38 = 1,325,000 (= 1,665,000)
Less capital expenditure (capex) for irrigation and car park	- 110,000 (= 1,555,000)
Add house value	+ 275,000 (= 1,830,000)
<b>Total market value</b>	<b>1,830,000</b>

**Table 3.** Golf course valuation, example 3

Criteria	Valuation (EUR)
88,000 Euro deferred year 1 at 15% (0.870)	+ 77,000
121,000 Euro in perpetuity, deferred year 2 at 15% (6.667 X 0.756 = 5.04)	+ 121,000 X 5.04 = 610,000 (= 687,000)
Add house value	+ 275,000 (= 962,000)
<b>Total market value</b>	<b>962,000</b>

for improvement. This recently has been sold for 1,500,000 Euro. 10% is deducted for the effect of improved business. Comparable market value B is 1,350,000 Euro.

The final market value lies between to 1,210,000 and 1,350,000, averaging to 1,280,000 Euro. Therefore market value is 1,280,000 Euro.

### 3.3. Golf course valuation in Lithuania

It is obvious that market evidence on golf club transactions is scarce in Lithuania, though in some countries specialised properties are sold sufficiently often to generate comparables allowing them to be valued by either the comparable or investment methods (Devizyte and Deveikis, 2008).

The golf course in activity or as business entity presents the combination of tangible and intangible property (facilities, personal property, membership fees and the rights to use club facilities, goodwill, business incomes, etc.). According to valuation methodology the combinations of real and personal property with an indefinite life and operating income should be valued. The highest and best use of the property is determined to be the golf course or club use.

As an example, the 18-hole golf course, opened in 2006, has been used. The design and plan of the golf course take into account environmental and ecological aspects as well as consider landscape.

Initially, the land for the golf course development has been valued. Since not being beneficial enough or not sufficient enough to run a traditional agricultural business (low fertility, natural undulations of the surface), but attractive in terms of tourism and recreational business, this asset was valued as a recreational land use. Recreational potential of the land plots were described in planning documents, in which change of land use and different type of use were allowed. The land valuation was performed by using the comparison method. As a result, the valuers came to the market value of this land object of 287,000 Euro in 2004.

Normally, the commercial leisure properties are valued using comparison or investment methods In Lithuania. As the transactions on golf courses doe's not exist and the golf business traditions are very limited, the contractor's method can be applied.

In this particular example, the investment capitalisation method has been used and for cross checking the contractor's approach has been tested.

First, the net operating income (NOI) of the golf course estimated (Table 4).

The course generates incomes of nearly 0.5 million per year. However, the maintenance, administration and etc is also very high (Table 4). Therefore, the average NOI for the last four years is approximately 5,500 Euro per year.

**Table 4.** Net operating income calculation

	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>
<b>Income</b>	<b>422,966</b>	<b>475,748</b>	<b>487,064</b>	<b>507,740</b>
<b>Expenses</b>				
Maintenance *	178,393	187,312	196,678	206,512
Pro Shop/Dining	154,041	195,993	199,187	202,508
Administration	83,139	86,335	89,041	92,417
<b>Total</b>	<b>415,573</b>	<b>469,640</b>	<b>484,905</b>	<b>501,437</b>
<b>Net Operating Income</b>	<b>7,393</b>	<b>6,108</b>	<b>2,159</b>	<b>6,303</b>

The investment method through NOI capitalisation is applied to establish the golf course value (Table 5).

For cross checking the contractor's approach used and golf course valued at 1.3 Million Euro (Deveikis, unpublished data).

#### 4. CONCLUSIONS

The paper has briefly reviewed valuation methods that are used to establish market value of property. Here, the special focus is aimed at the valuation of commercial leisure property. Several examples of golf course valuation are offered exercising method calculation methodology.

With the development of leisure as a major economic activity, the requirements for the valuation of commercial leisure property have expanded, especially for the purposes of investment and management. The profits method has become the primary method utilized for the established leisure business in the UK and the sales comparison method is used for the cross check.

Up till now, the valuation methodology for the commercial leisure property in Lithuania is less specified and other than profits methods are frequently used. Other traditional valuation approaches, the investment and contractor's methods are also commonly considered. The experience in the golf club valuation and activity is very limited (Devižyte and Deveikis, 2008). Market evidence of golf course transactions does not exist in Lithuania so far; land

plots for golf course development are purchased or sold without the business and tangible property.

In the case study on golf course valuation in Lithuania, the comparative approach was used to determine the land value in a first step of the assessment. Then, from an economic perspective, the property value was established from net operating income, fewer expenses. The investment capitalisation approach used for the valuation and value cross checked by using contractor's method.

If the valuation of commercial leisure property in Lithuania will progress further towards the investment approach by adopting traditional model normally used for non-specialised property valuation, the need to revise the standards and methodology of specialised property valuation might be required in the future.

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**Table 5.** Golf course valuation

Criteria	Valuation (EUR)
5,500 Euro NOI per year as a full rental value	5,500
YP at capitalisation rate 12%	8.33
Capital value (full rental value X YP)	46,000 (5,500 X 8.33)
Land value (determined using comparative method)	+ 287,000
<b>Total market value</b>	<b>333,000</b>

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**SANTRAUKA****LAISVALAIKIO VERSLO NEKILNOJAMOJO TURTO VERTINIMAS:  
JK IR LIETUVOS ATVEJŲ PALYGINIMAS****Vida MALIENE, Steponas DEVEIKIS, Louise KIRSTEN, Naglis MALYS**

Per pastarąjį šimtmetį laisvalaikio vystymas tapo reikšminga ekonomikos veiklos sritis. Šiuo metu laisvalaikio verslo nekilnojamas turtas vaidina svarbų vaidmenį pasaulio šalių ūkinėje veikloje. Nepaisant laisvalaikio sektoriaus išsivystymo, nekilnojamojo turto vertinimas laisvalaikio verslo srityje vis dar yra silpnas. JK priimtas nekilnojamojo turto vertinimo būdas pagrįstas atviros rinkos vertinimu pagal turto paskirtį. Tačiau specializuotam nekilnojamajam turtui, taip pat ir laisvalaikio, išskirtinis vertinimo metodas turi būti taikomas. Šiame straipsnyje apibūdinami principai, kurie taikomi laisvalaikio nekilnojamojo turto vertinimui JK, Lietuvoje ir kitose šalyse. Straipsnyje nagrinėjami veiksniai, kurie daro įtaką vertinimo procesui, kai nekilnojamas turtas vertinamas vystymo ar investavimo tikslais. Tyrime pateikti golfo aikštynų vertinimo metodų ir analizės pavyzdžiai