

# The Investors Tour

## Salient Indicators

# 2011

### Survey Method:

<b>Overall Capitalization Rate<sup>1</sup></b>	<b>Range</b>	<b>6.0%</b>	<b>to</b>	<b>16.0%</b>
	<b>Average</b>			<b>11.5%</b>
<b>Terminal / Residual Capitalization Rate<sup>2</sup></b>	<b>Range</b>	<b>7.0%</b>	<b>to</b>	<b>20.0%</b>
	<b>Average</b>			<b>11.9%</b>
<b>Net Income Multiplier<sup>3</sup></b>	<b>Range</b>	<b>5</b>	<b>to</b>	<b>13</b>
	<b>Average</b>			<b>7.9</b>
<b>Gross Income Multiplier</b>	<b>Range</b>	<b>0.5</b>	<b>to</b>	<b>3</b>
	<b>Average</b>			<b>1.4</b>
<b>Discount Rate</b>	<b>Range</b>	<b>8.0%</b>	<b>to</b>	<b>25.0%</b>
	<b>Average</b>			<b>14.5%</b>

### DCR & Band of Investment Method: <sup>4</sup>

<b>Overall Capitalization Rate</b>	<b>Range</b>	<b>9.50%</b>	<b>to</b>	<b>15.1%</b>
	<b>Average</b>			<b>12.2%</b>
<b>Discount Rate</b>	<b>Range</b>	<b>10.70%</b>	<b>to</b>	<b>16.8%</b>
	<b>Average</b>			<b>12.8%</b>

### Growth Indicators:

<b>Income Growth Rate</b>	<b>Range</b>	<b>0.0%</b>	<b>to</b>	<b>4.0%</b>
	<b>Average</b>			<b>2.1%</b>
<b>Expense Growth Rate</b>	<b>Range</b>	<b>0.0%</b>	<b>to</b>	<b>3.0%</b>
	<b>Average</b>			<b>1.9%</b>

### Operational Indicators:

<b>Management Fee as % of Gross Revenue</b>	<b>Range</b>	<b>2.5%</b>	<b>to</b>	<b>6.0%</b>
	<b>Average</b>			<b>3.7%</b>
<b>Capital Reserves as % of Gross Revenue</b>	<b>Range</b>	<b>2.0%</b>	<b>to</b>	<b>5.0%</b>
	<b>Average</b>			<b>3.0%</b>

### Transaction Indicators:

<b>Marketing Period (Months)</b>	<b>Range</b>	<b>6 mos</b>	<b>to</b>	<b>24 mos</b>
	<b>Average</b>			<b>13.4</b>
<b>Broker Sales Commission</b>	<b>Range</b>	<b>2.0%</b>	<b>to</b>	<b>6.0%</b>
	<b>Average</b>			<b>3.6%</b>

1/ Overall Capitalization reflects going-concern operations.

2/ Terminal or going-out Capitalization rates also reflect going-concern operations.

3/ Net Income Multiple (Price / Net Income) is the inverse of the Cap Rate.

4/ Typical information (LTV, DCR, etc.) derived from a survey of lenders.

# The Lenders Tour

## Salient Indicators

2011

LTV (Loan-to-Value)	Range	50.0%	to	100.0%
	Average			65.5%
Interest Rate	Range	5.0%	to	13.0%
	Average			6.9%

### Common Indices (January 2011):

Prime Rate	3.25%
Libor 3 months	0.2618
Libor 6 months	0.3027
Libor 1 Year	0.7839

Call Period (Years)	Range	1.0	to	10.0
	Average			4.5

Amortization Period (Years)	Range	10	to	25
	Average			21

DCR (Debt Coverage Ratio)	Range	1.0	to	1.5
	Average			1.35

Points	Range	1.0%	to	2.0%
	Average			1.6%

### 19th Hole Quote:

“If you watch a game, it’s fun.  
If you play at it, it’s recreation.  
If you work at it, it’s golf.”

~ Bob Hope

[www.Golfappraisers.org](http://www.Golfappraisers.org)

Golf Advisory  
Experts