

# Appendix H



This technique does not substantiate in any way that the sales price for the Comparable Property or the Subject property as to being accurate or correct. This technique takes known facts (sales price, replacement cost information, land value estimate), and applied to an appraisal technique to abstract an effective age estimate.

The resulting estimate of effective age in this example is not etched in stone or absolute. Just by simple appraiser preference, the estimate could be revised to twenty-(20) years, thereby allowing for further deduction for economic obsolescence. The main thing to remember is that the appraiser has some form of backup and is in conformance with USPAP.

**COMMERCIAL / INDUSTRIAL**

The same two-(2) methods (**Visual Comparison and Abstracted**) as previously discussed can be applied to commercial and industrial structures. Industrial properties can be more complex when difference sections of the structure have been added on to over the years, but an effective age estimate can be abstracted from known information.

**EFFECTIVE AGE - EFFECTIVE GROSS FLOOR AREA USAGE**

When the appraiser is confronted with an industrial building that has been developed throughout the years, and various sections are younger than other parts of the facility, an estimate of effective age still can be reasonably made and substantiated.

In this **Example**, the subject property has had many additions made to the original building many years ago. An effective age estimate can be made based upon the effective gross floor area usage. Date of appraisal is in the year **2013**.

<b>Area</b>	<b>Year Built</b>	<b>Square Feet</b>	<b>Actual Age</b>	<b>Square Footage Used</b>
1	1969	14,750	44	649,000
2	1975	4,200	38	159,600
3	1985	10,300	28	288,400
4	1999	14,700	14	205,800
		<u>43,950</u>		<u>1,302,800</u>

$1,302,800 / 43,950 = 29.64$

**SAY: 30 Years**