

IAAO Response on IVS 105 Valuation Approaches and Methods

I am commenting on IVS 105: Valuation Approaches and Methods, specifically 90.2.

I believe item (a) should be labelled physical depreciation rather than physical obsolescence.

Deterioration is unique and occurs within a given asset. Obsolescence is usually due to the influence of forces outside the asset, such as change in technology or market preferences. In the classic example, economic obsolescence may be due to the construction of an industrial plant next to a residential property.

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