

## CATEGORY: COST APPROACH

## TOPIC: DEPRECIATION (AGE/LIFE METHOD)

*Problem – What is the total amount of depreciation?*

A commercial building contains 45,600 square feet of gross building area

The current cost new, including multipliers, is estimated to be \$107.24 per square foot

The building has an actual age of 17 years

The building's economic life is estimated to be 70 years

The effective age for the building is 10 years

*Problem Solution – NEXT PAGE*

# Practice Problems

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### *Problem Solution*

Building current cost	$45,600 \text{ sf} \times \$107.24$	\$ 4,890,144
Depreciation as a %	$10 \div 70 = 14\%$	
Total Depreciation	$\$4,890,144 \times .14$	\$ 684,620