

The Three Types of Obsolescence

There are three types of obsolescence or flaws that cause properties to lose value:

Functional Obsolescence:

Functional obsolescence occurs when a property loses value due to its architectural design, building style, size, outdated amenities, local economic conditions and changing technology.

Economic Obsolescence:

Economic obsolescence occurs when a property loses value because of external factors such as local traffic pattern changes or the construction of public nuisance type properties and utilities such as county jails and sewer treatment plants on adjoining property.

Physical obsolescence:

Physical obsolescence occurs when a property loses value due to gross mismanagement and physical neglect resulting in deferred maintenance that's usually too costly to repair.

The following are some possible examples of obsolescence:

- rooms of improper size
- features no longer useful, such as a coal chute with a gas-fired furnace
- out-of-date plumbing, heating, and electrical fixtures and systems -
 - inadequate insulation
 - unsuitable architectural style
- construction materials that require excessive Maintenance
 - undesirable location