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IREM study shows higher operating expenses for all condos as a group

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Median total operating expenses for all condominium building types as a group rose 7.5% in 2009 to \$2,569.97 per unit from \$2,390.89 per unit in 2008. Similarly, condominium dwellers as a group paid 7.5% more in assessments in 2009, with the median monthly assessment amounting to \$255.33 per unit, compared with \$235.70 in 2008.

These are among the key findings reported in the 2010 edition of the Expense Analysis: Condominiums, Cooperatives and Planned Unit Developments, a new benchmarking study published by the Institute of Real Estate Management (IREM). Conducted by IREM since 1978, this annual study analyzes the previous year's operating cost figures for more than 1,700 properties in the U.S. and Canada representing 232,979 units. It is designed to help condominium, co-op and planned unit development (PUD) boards and property managers benchmark their association's financial condition, calculate assessments and necessary replacement reserves, and develop and evaluate budgets.

Breaking out per-unit operating expenses by condominium type, those for high-rise properties increased the most, 10.2%, rising to \$4,295.85; those for townhouses rose 5.5% to \$1,889.62; those for combination properties rose 2.1% to \$2,331.37; and those for low-rise properties rose a mere 1.5% to \$2,418.56.

Similarly, a break out of median monthly assessments by condominium type shows, again, that high-rise properties experienced the biggest increase, 13%, rising to \$421.01. The other building types saw single-digit assessment increases with those for low rise properties increasing 3.7% to \$239.10; those for townhouses rising 2.4% to \$185.66; and those for combination properties rising 0.4% to \$228.30.

Repair and maintenance costs for all condominium types as a group, which historically account for the largest portion of total operating costs, decreased 3.4% to \$809.93 per unit in 2009 from the previous year. Operating expenses increased 5.2% to \$648.71 per unit and per-unit administrative expenses increased 9.5% to \$331.63.

The typical condominium association added \$470.02 per unit to its reserve fund in 2009 for future replacements and capital reserves. This represents 18.3% of total operating expenses

Breaking out reserves by building type, townhouse developments added reserves of \$338.35 per unit, amounting to 17.9% of total operating expenses; low-rise properties added reserves of \$450.64 per unit, equal to 18.6% of total operating expenses; high-rise properties added reserves of \$756.25 per unit, or 17.6% of total operating expenses; and combination properties added reserves of \$408.17, equal to 17.5% of total operating expenses.

Condominium associations continued to furnish a number of amenities and utilities to individual units. The most prevalent was water (65%), followed by garage parking spaces (52%); access to a

swimming pool (51%); recreational buildings (29%); electricity (22%); tennis courts (14%); hot water (13%); gas (12%); Jacuzzis (11%); saunas (7%); and heating fuel (4.0%).

PRICE AND ORDERING INFORMATION

The 300 page Expense Analysis[®]: Cooperatives, Condominiums and Planned Unit Developments is available for \$389.95 (plus \$15.50 shipping and applicable state sales tax). IREM Member price is \$194.95 (plus shipping and tax). To order, contact IREM's Customer Service Department at 430 N. Michigan Ave., Chicago, IL 60611-4090 or call toll-free to (800) 837-0706, ext. 4650 or e-mail to custserv@irem.org. Internet users can order the study in soft cover or in a downloadable format by accessing the Publications section of the IREM Web site at www.irem.org.

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