BENCHMARK

The guide to residential association operating costs and budgets

2024 HIGH-RISE EDITION

FirstService RESIDENTIAL

Life, simplified.℠

When leading your community on a path to change, every decision is important. With competing priorities, juggling it all can seem complex. But it doesn't have to be.

FirstService Residential is simplifying property management. We partner with boards, owners, and developers in an effort to enhance the value of every property and the life of every resident. Our team of local professionals offers the expertise and solutions to anticipate needs and respond — for every property type. With our professional scale, we can provide solutions that are designed to help make your budget go further. And our service-first philosophy means we don't stop until what's complicated becomes uncomplicated.

To make life, simplified.

This report is provided for informational purposes only and does not constitute investment, legal, or financial advice. The information contained in this report is based on data obtained from sources believed to be reliable, but no representation or warranty, express or implied, is made regarding the accuracy, completeness, or reliability. The items presented in this report are for illustrative purposes only and may not be indicative of future performance. Past performance is not necessarily indicative of future results. Users of this report are solely responsible for evaluating the merits and risks associated with any strategy discusses herein and should seek advice from a qualified expert.

I am happy to introduce FirstService Residential's new publication, BENCHMARK.

The intention of this report is to provide board members, developers, and property owners with useful information to utilize in their budgeting and operations planning discussions. We understand our clients must balance the service levels their residents expect with their fiscal responsibilities, which is no easy task. We are here to support and work alongside you, bringing insights and proven, cost-effective solutions to you in your community leadership role.

As a community leader, you must make careful choices when planning for the future of your high-rise residential building. You want to bring positive change to your community, but you have many factors to consider. That's why we created this report that uses actual data and market insights. Think of this report as a tool to help you create a realistic budget and help set up your community for financial success. It is also intended to serve as a guide, allowing you to benchmark your operating costs relative to the market to have a deeper discussion with your operations team. We also envision it will serve as a resource in communicating with your residents in your annual meetings.

This report examines the operating costs and budgets of high-rise buildings we manage in some of the largest urban markets across North America. FirstService Residential serves over 9,000 residential communities in the United States and Canada — this means 1.7 million residential units, amounting to $10 billion in operating budgets. With our distinctive and expansive footprint, we are uniquely positioned to provide this data, which can serve as a guide for our boards, developers, and the industry.

BENCHMARK can be an additional reference for your long-term capital planning and budget process, along with other sources of information such as new developments in your city, new technologies, and vendors available in your area.

I'm proud of our team's commitment to creating solutions that help optimize the operational budgets of the communities in our care. By leveraging our operating expertise and market leadership, we aim to deliver on our brand promise to our valued customers and bring maximum value to the associations we manage.

I hope you enjoy this content and find it helpful in setting your plans for the future. We will continue to invest in delivering exceptional service and solutions with the goal of enhancing the value of every property and simplifying the life of every resident in the communities we manage. It's about delivering on our mission with a fiscally responsible mindset.

Dave

David Diestel
CEO, FirstService Residential

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Trends in high-rise community management

As complexity increases for high-rise associations, board members and developers work to balance costs against service expectations.

Home sweet high-rise: the evolution of urban living

For many, the meaning of "home" has evolved in recent years, and the living environment of residential communities and the amenities they offer have grown ever more important. That explains the growing allure of vertical living. High-rise buildings offer residents accessible services and common facilities, promoting a sense of community and bringing a contemporary idea of "home" to life.

As these evolving expectations take root, the complexity of managing budgets continues to grow. High-rises are rushing to understand and comply with new legislation regarding funding reserves for structural integrity maintenance while navigating an increasingly volatile insurance market. Competing for dollars from the same budget, there are opportunities to harness technology and services to deliver convenience and amenities that enhance daily life.

That's why the conversation about budgeting for high-rises is an epic balancing act. Board members must align with current resident expectations through necessary upkeep and investment while also complying with new regulations affecting their fiscal planning and budget.

That requires a careful strategy for the annual budget and capital planning for the long-term needs of each association.

How cost benchmarks help board members

One of the common questions we receive from our boards and developers is how their budget compares to other communities in the market. While many factors impact a building's operating expenses and reserve funding strategy, we have found that a high-level benchmarking of major categories can help boards understand and articulate to homeowners the rationale behind their budget decisions and investments.

This guide compiles data from high-rise community associations we manage. It also shows how different high-rises fund their reserves and distribute operating expenses as part of a full-year budget. This can be especially relevant for buildings that, for example, have historically waived reserves or choose to be proactive in changing their funding strategy and now face new legislation mandating reserve studies and reserve funding.

The elements are similar across 15 U.S. and Canadian markets, but their effect on budgets varies

Each building is unique, and as a board member, you may recognize local factors pertinent to your specific association, including property values, type and size of the property, location, and service levels. For older properties, we also see the need to consider new developments and the updated amenities they offer.

Moreover, each market has local requirements. For instance, varying weather patterns shape distinct approaches to insurance, upkeep, and community association actions — such as preparations for hurricanes, hailstorms, floods, fires, or blizzards based on the region. Consequently, the provision, conditions, and pricing of insurance coverages differ. Local labor markets operate according to the specific characteristics of their respective cities. While a myriad of dynamics are at play in various locations, numerous elements are common throughout many markets.

In our study of 15 high-rise markets in the U.S. and Canada, we found that similar factors are driving budget increases across different regions, despite each building's and market's unique characteristics and needs.

Top factors driving budgets for high-rises

1. **Reserve studies and funding:** New legislation mandating reserve studies and appropriate funding is shaping expectations and best practices.
2. **Retaining top talent:** The cost of labor and staff continuity remains a significant concern.
3. **Insurance availability and cost:** Access to affordable insurance has become a major budgetary challenge, with some markets seeing premium hikes of up to 300%.
4. **Utility prices:** Escalating costs of water, sewer, and energy are straining budgets in many markets.
5. **Green dreams:** Environmental sustainability initiatives are becoming increasingly important, but often come with hefty price tags.

High-impact areas

High-rise communities in Miami, Dallas, and throughout California (including San Diego, Los Angeles, and San Francisco) have experienced significant average cost increases between 2023 and 2024, with the cost of insurance playing a key role. Miami saw an overall budget increase of 18% to 20% from 2023 to 2024, while Dallas displayed an average growth of nearly 11% during the same period. California's budget increase averaged 8%, influenced by rising insurance costs, labor expenses, and utility bills. Similar factors were also noted in Miami and Dallas.

Cities such as Atlanta, Nashville, and Chicago reported more moderate increases, with Atlanta and Nashville at 6.5% and 5.5%, respectively. The costs in these regions are primarily driven by labor and insurance costs. Meanwhile, Chicago, with an increase between 3 to 5%, is also grappling with rising utility costs and repair expenses for aging systems, while also echoing the concerns about labor and insurance cost escalation seen in other cities.

Stabilizing markets facing unique challenges

In our data, for cities like Boston, New York City, and the DC Metro area, average increases were comparatively lower: Boston at 4.5%, NYC with averages around 5.2% to 6.7% depending on the type of association and the area (Manhattan, Queens, or Brooklyn), and DC Metro at 6%. Buildings in these markets contend with rising property and liability insurance, and costs associated with compliance with mandated energy efficiency laws and structural integrity requirements. Their challenges are compounded by high energy prices and the demand for skilled labor, resembling those faced in Toronto and Vancouver.

Emerging concerns in areas with recent increases

Lastly, high-rises in Las Vegas and Reno, New Jersey's Gold Coast, and Philadelphia reported increases around 6% amid skyrocketing insurance rates. Las Vegas and Reno experienced labor cost increases due to inflationary pressure, highlighting the complexities of ongoing market conditions that echo challenges faced in New Jersey's Gold Coast and Philadelphia.

Futureproofing: planning for tomorrow

Factors such as insurance, labor, and utilities will likely continue driving budget increases, requiring careful long-term planning. Maintenance, repairs, and upgrades to maintain structural integrity and comply with energy guidelines are also crucial considerations.

We are seeing older, established communities enhance their features, upgrade fitness centers and pools, and revitalize their internal and external design elements.

Reserve contributions

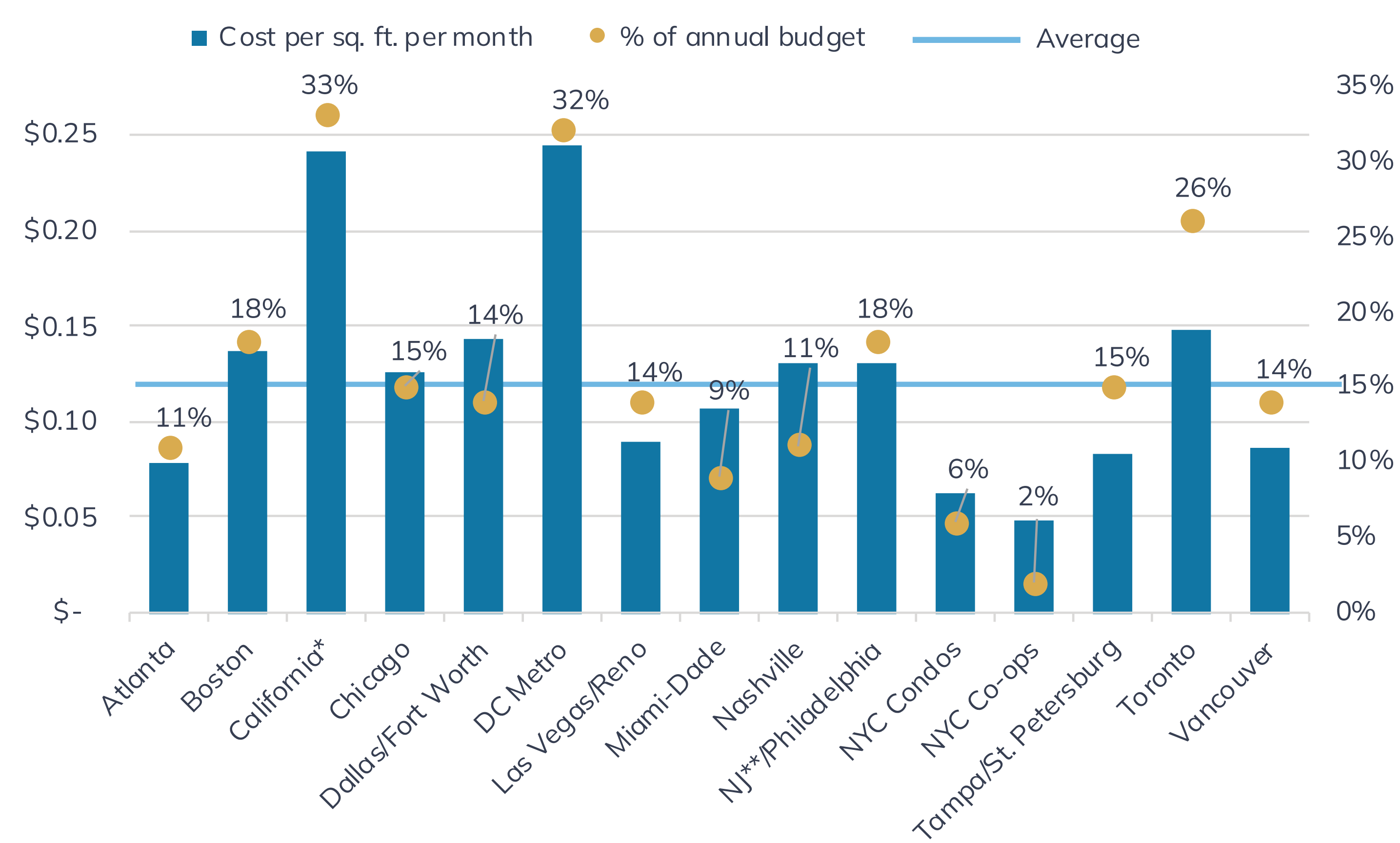
Legislation mandating reserve studies and appropriate funding for condominium and homeowners' associations is a policy issue being discussed in numerous U.S. states. The Community Associations Institute (CAI) supports mandated reserve studies, funding for new community developments, and periodic reserve studies for communities with major shared components. So far, the following states have introduced legislation to address new or updated reserve studies and funding regulations in community associations in Florida, Connecticut, Georgia, Hawaii, Illinois, Maryland, Michigan, and Virginia. This trend will shape new expectations and best practices in the U.S. and Canada regardless of the requirements.

Two trends are shaping reserve contributions in high-rises: One is new legislation in the wake of the building collapse in Surfside, Florida in 2021, with reserve contributions as a share of annual budget in New Jersey's Gold Coast at 18% and in Miami-Dade County at 9% — a figure expected to increase in 2025 when the new law goes into effect. The other trend points to board members proactively increasing contributions with a heightened awareness of best practices — even in markets unaffected by new regulations. That was observed in DC Metro, with 32% of budgets allocated to reserves; 33% in Los Angeles, San Diego, and San Francisco; and 25% in Toronto. In these markets, boards are boosting reserves with two factors in mind: the property's life cycle, anticipating higher expenses for buildings from the early 2000s to 2010s over the next decade, and a forward-thinking approach to rising material and labor costs.

Cost of labor and staff continuity

A challenge that high-rise associations face is recruiting and retaining qualified staff members who can provide the level of service and professionalism that residents expect. The cost of labor and staff continuity varies widely across different markets, depending on

Reserves: how much buildings are setting aside for the future



Source: Study of 2024 budgets in 750 high-rise residential associations managed by FirstService Residential in 15 top urban markets across the U.S. and Canada.

*San Diego, Los Angeles, San Francisco
** New Jersey's Gold Coast

minimum wage laws, worker availability, and turnover rates. Some markets that reported high labor costs were New York, San Francisco, Seattle, and Boston. In these markets, associations compete with other service industries and employers for talent, and find it important to offer competitive wages and benefits, training, and development programs. Staff continuity is essential for maintaining the quality and efficiency of operations, as well as building trust and rapport with residents.

Access to affordable association insurance

Insurance coverage is a major budgetary challenge for many associations, as it has become more complex and expensive due to various factors. In some markets insurance costs represent a significant share of budgets, including Tampa (24%) and Miami (21%), Las Vegas (17%), and Vancouver (18%). In Miami, for example, higher property appraisals have resulted in an increase in replacement values and, ultimately, insurance premiums.

Insurance premiums consume a large portion of budgets, amounting to 24% of budgets in Tampa and 21% in Miami. This trend is also notable in Las Vegas at 17% and Vancouver at 18%, indicating a broader pattern of market tightening and climate-related risk.

Utility costs are the highest in major cities, with the greatest share of budget in cold-weather climates such as Toronto at 25%, New York City at 19%; Boston at 17%, and Vancouver at 18%.

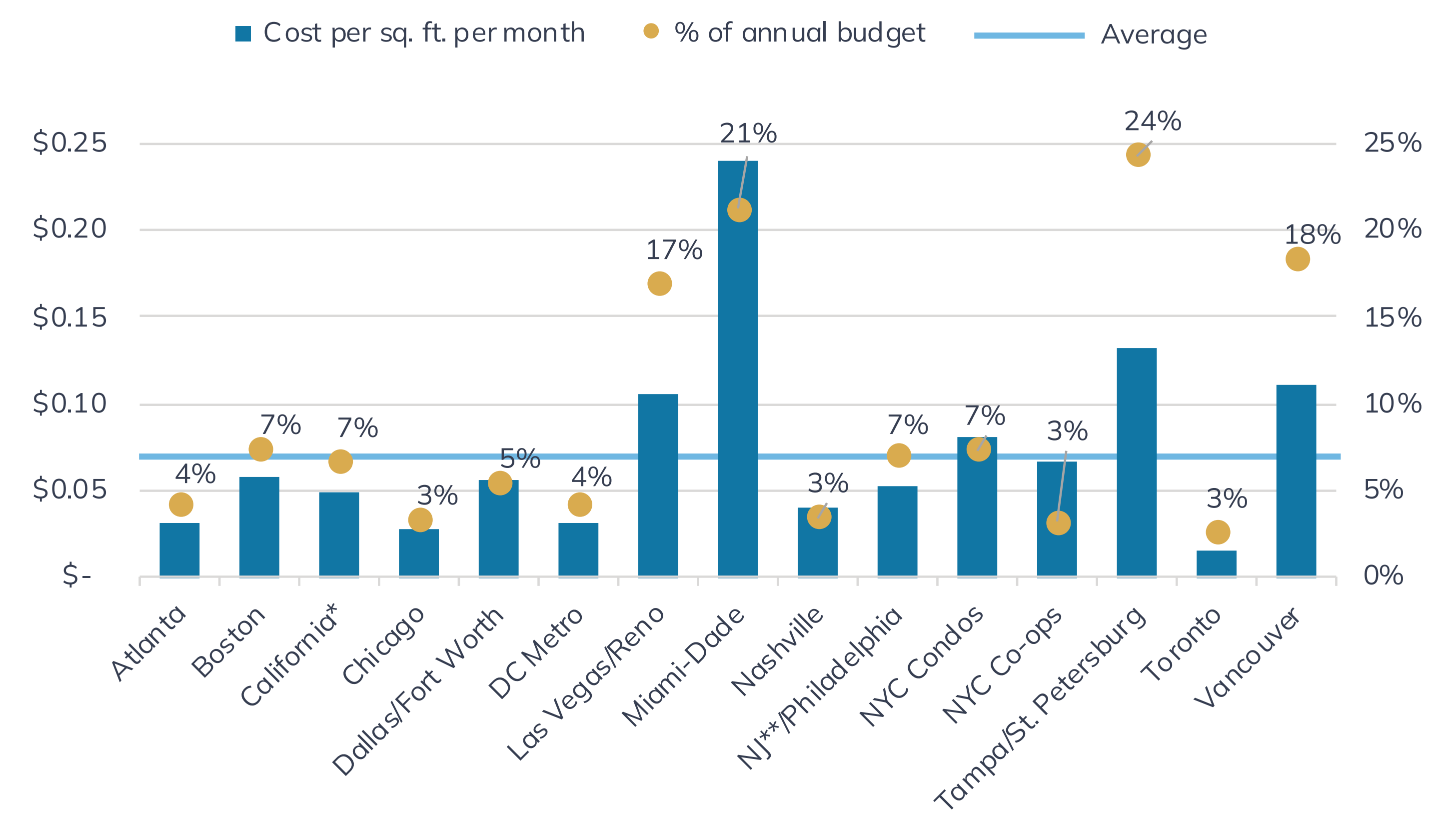
Along the East Coast and mid-Atlantic markets such as DC Metro, New Jersey's Gold Coast, and Philadelphia, fewer insurers and higher property replacement valuations resulted in 10% to 150% premium surges.

Utilities

One of the common factors leading to higher budget increases in many markets is the escalating cost of utilities, primarily water, sewer, and energy.

Depending on the market, utilities can take a large share of the overall budget, such as in Toronto at 25%, New York City (condos) at 19.5%, Vancouver at 18%, and Boston at 17%. Moreover, utilities will likely continue to increase as energy prices rise due to global supply issues and aging of power grid infrastructures, adding to operating costs.

Insurance: differences in expenditure across markets



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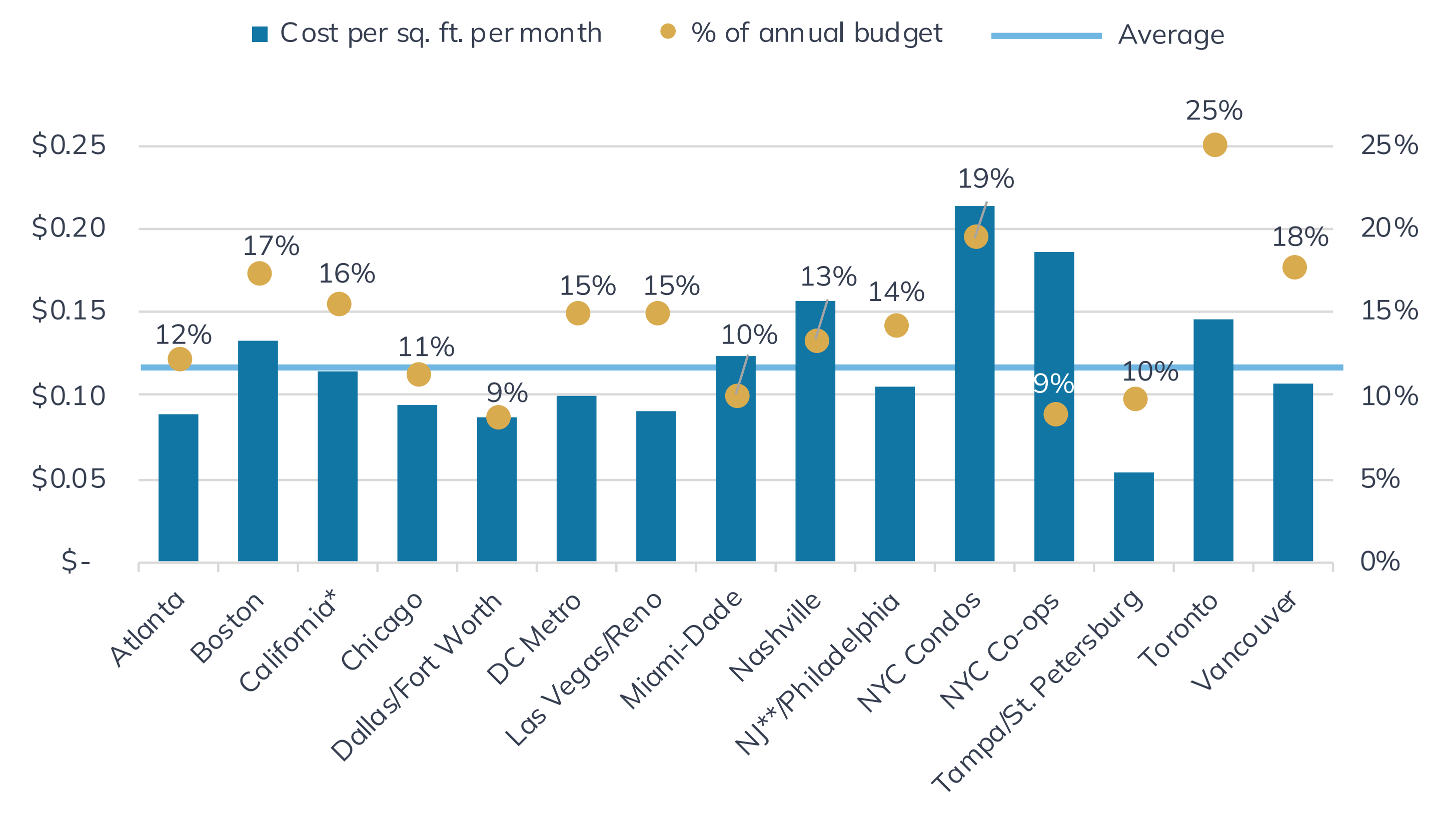
Utilities: a significant portion of high-rise budgets



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Environmental sustainability and EV charging

To address climate change and environmental preservation issues, community associations are getting informed and prepared. New rules for installing and placing solar devices and electric vehicle charging stations and incentives for energy and resource-saving initiatives like window replacement, water conservation, and lighting choices are becoming more common. Buildings are coming together to invest in sustainability programs, from installing EV chargers to joining programs for collective energy purchasing.

Luxury living: the amenities arms race

In addition to following best practices and regulations, board members and developers have an array of new services to determine the best investment for each building's distinct population. Luxury amenities, such as golf simulators, wine cellars, tasting rooms, high-end restaurants, cutting-edge fitness centers, content creation rooms, pet grooming services, and cold plunges, can attract and retain high-end residents. Additionally, new technology can simplify communication, resident support, package management, and front desk services for staff and residents.

Older, aging communities are modernizing to keep pace with newer developments and to retain and attract new buyers. Many boards say they must invest to improve their property values relative to other neighborhood properties.

While high-end amenities may seem like "nice to haves" compared to the urgent investment needed to comply with regulation, they also matter. Board members know that a building's reputation, amenities, services, property maintenance, and reserves contribute to its perception and value in the marketplace.

The bottom line: strengthening high-rise value

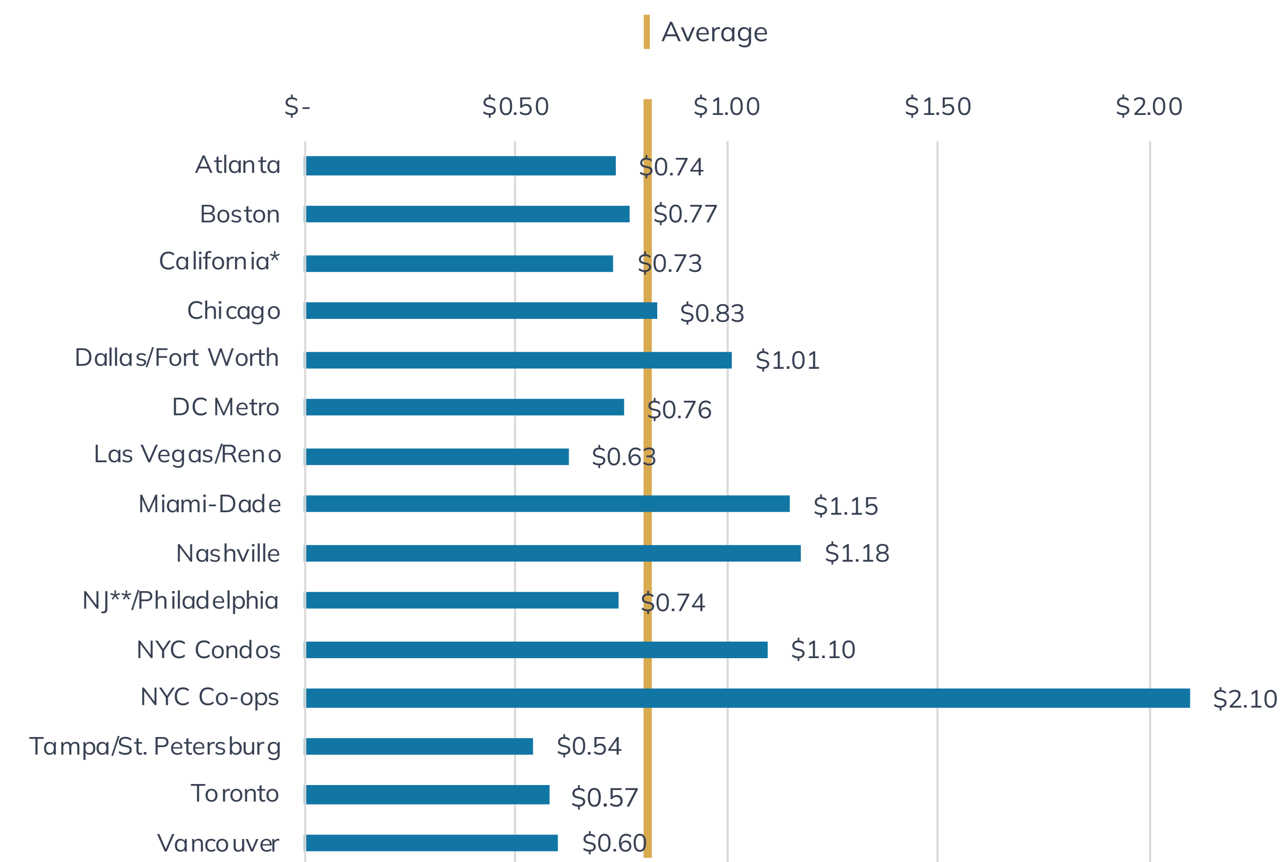
Looking into the future, factors such as insurance, labor, and utilities will likely continue increasing and require careful planning. Maintenance and upgrades to maintain structural integrity and comply with energy and sustainability guidelines are critical elements board members must consider when planning and phasing investments and work.

That's why, on the next pages, we offer trends and numbers with relevant factors that should be considered when preparing for the long-term financial needs of high-rise associations.

Board members perform essential work. Regarding high-rise living, a sound financial strategy is key to strengthening the building's value and making it attractive, regardless of size. The role of board members and property managers continues to grow in importance to balance contemporary resident expectations with increasing operating management costs

The data presented contains averages from a sample of properties managed by FirstService Residential and does not represent industry standards or ideal ratios. Every community association is unique, and this guide is not exhaustive but may be used as a tool to assist boards in their community evaluations and in communication with their residents. Our goal is to provide boards with additional tools to assist them with their fiduciary responsibilities while elevating service as they drive positive change in their communities.

High-rise budgets in 2024: average cost per square foot



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Planning and financials

Reserves in high-rise residential communities

In the realm of high-rise residential associations, adequate reserve funding is a critical component of effective financial planning.

Reserves are essential for addressing future capital replacement projects. By budgeting for these anticipated expenditures along with the implementation of proactive preventive maintenance and structural integrity planning, boards can mitigate the risk associated with surprise expenses, with the goal of maximizing the financial health of the community while at the same time minimizing overall life cycle costs. The best practice for determining the appropriate level of funding for reserves is to regularly conduct a professional reserve study, prepared based on accepted standards and legislative requirements by a qualified engineering or reserve analysis firm. A well-executed reserve study provides insight into the community's current reserve funding adequacy, and may in certain markets, such as Florida, also require funding needs for the building's structure.

In the wake of tragic incidents, most notably the collapse of Champlain Towers South in Surfside, Florida, we are seeing a significant increase in the funding of reserves across most markets. This is driven by both legislative changes in certain states, as well as a heightened awareness and more proactive approach boards are taking to the funding of their reserves. All of this is happening at a time when there have been dramatic increases in the estimated costs for future projects.

More states are recognizing the necessity of rigorous reserve funding and other inspections for various structure types, including high-rise communities. Several regulatory measures have been enacted in states like Florida, Delaware, Maryland, New Jersey, and Tennessee, mandating that community associations conduct and fund independent reserve studies regularly. These regulations also stress the importance of prompt attention to critical structural repairs, not only for safety considerations but also to minimize long-term total ownership costs of community assets. Deferring maintenance might lead to larger issues and higher expenditures, thus making proper reserve funding — alongside preventive maintenance — a prudent long-term strategy. To adapt to new demands, associations must evaluate their financial strategies and ensure that sufficient funds are allocated to reserves, maintenance and structural integrity. It's likely that properties with adequate reserve levels might enjoy better market valuations compared to those with inadequate or nonexistent reserves. This insight is particularly important for boards aiming to maintain or enhance their property's value amidst evolving regulations, community expectations and their fiduciary obligations. It is also worth noting that financial lending institutions, including Fannie Mae and Freddie Mac, have updated their mortgage criteria to include questions related to structural integrity and the financial health of the association including reserves.

When considering how much to fund reserves each year, boards must consider various market dynamics and building configurations. For instance, this benchmark reveals stark differences in reserve funding as a percentage of the total budget between high-rise associations in key markets across the U.S. and Canada. In 2024, the following statistics illustrate these variations:

These figures underscore the importance of tailoring reserve contributions to both the local market as well as the specific needs of each residential association. High-rise boards must judiciously assess their budgets, balancing the need for adequate reserves with other operational costs to ensure the long-term sustainability and value of their properties. Regular updates to reserve studies, ideally every three to five years, will empower boards to make informed decisions, aligning their financial strategies with regulatory requirements, community expectations and fiduciary responsibilities. Always consult with a qualified attorney to ensure any financial planning adheres to your association's specific legal obligations.

Reserve funding compared to total annual budget in high-rise associations — 2024

	Cost per sq. ft. per month	% of budget
Atlanta	$0.08	11%
Boston	$0.14	18%
California*	$0.24	33%
Chicago	$0.13	15%
Dallas/Fort Worth	$0.14	14%
DC Metro	$0.25	32%
Las Vegas/Reno	$0.09	14%
Miami-Dade	$0.11	9%
Nashville	$0.13	11%
New Jersey**/Philadelphia	$0.13	18%
New York Condos	$0.06	6%
New York Co-ops	$0.05	2%
Tampa/St. Petersburg	$0.08	15%
Toronto	$0.15	25%
Vancouver	$1.04	14%

Reserve funding: Funds accounted for in the budget that are set aside in a reserve account to be used for future repairs and replacements. It should be recognized that the percentages shown are not a reflection of reserve fund adequacy.

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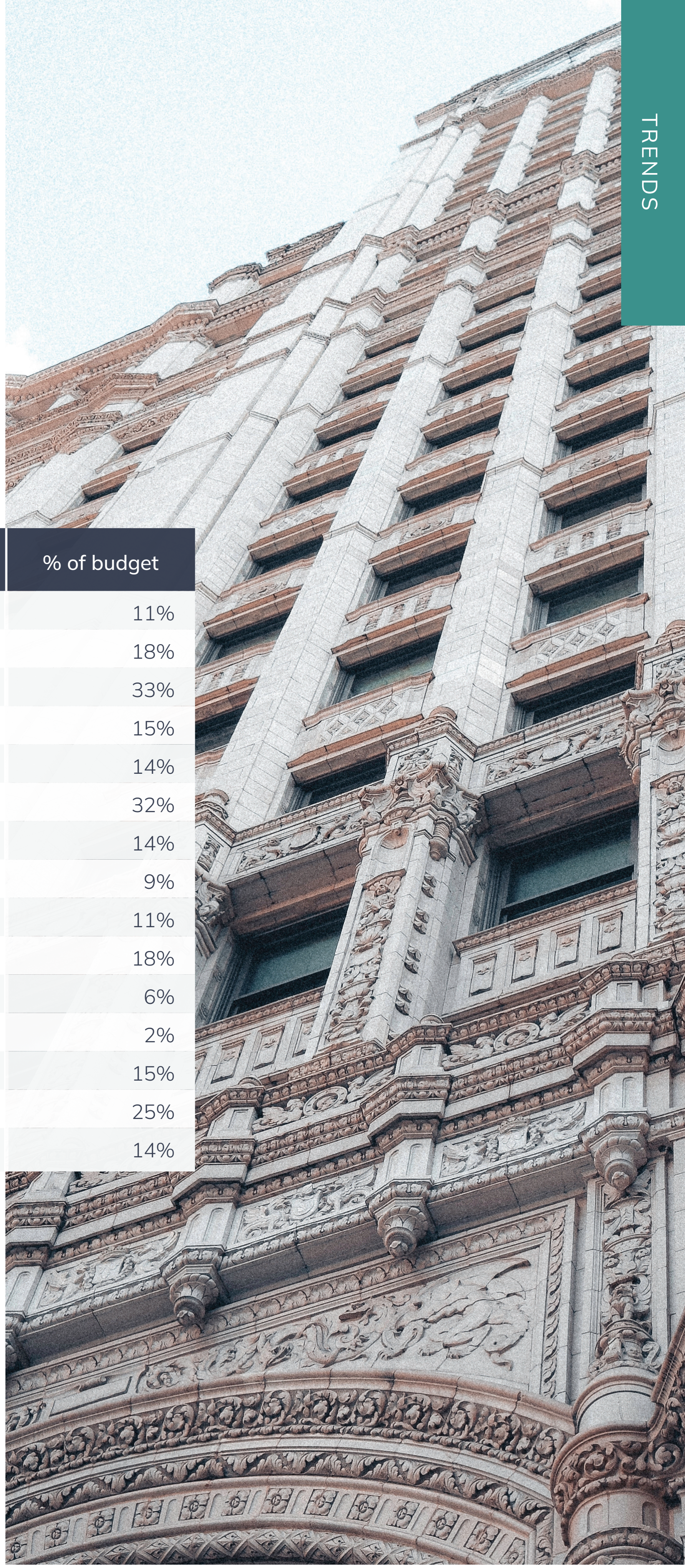


Planning and financials

Capital Improvements

When determining a high-rise association's budget and projected expenses, all anticipated replacement projects, repairs, and renovations should be considered. That can be a daunting task for board members, so working with an experienced property management team is vital to creating a successful long-term plan to maintain a building's fiscal and physical integrity.

Associations should evaluate potential liabilities such as safety hazards and the potential for future deficits. The needs and wants of the association should also be discussed by the board and prioritized accordingly. Depending on the local regulations and national standards, these include, but are not limited to, common area replacements such as roofs, pavement resurfacing and maintenance costs such as painting, and any other item that has a preventive maintenance expense or replacement cost that exceeds a certain amount. These guidelines may differ in each city. We recommend discussing what the association is responsible for and how to budget adequately for those expenses with your association attorney, CPA, and reserve study provider.

Reserves

Capital improvement projects can be funded in several ways. The most practical and equitable method is through ongoing contributions. If this is not properly done, it can result in unplanned special assessments or borrowing, which burdens current owners who may not have lived in the community when the component was enjoyed. To ensure adequate funding, associations should budget for these capital expenditures in the reserve study and use preventive maintenance plans as a guide. Reserves and any unforeseen capital improvement projects, such as concrete restoration, should be funded based on the findings of a reserve study and ongoing preventive maintenance inspections performed by a professional. While we recommend that associations update their reserve studies every three years to reflect best practice recommendations, you should check with your legal counsel and your reserve study provider regarding the specific requirements for your association.

Types of projects

Structural

Depending on the physical structure of the community, associations should plan for structural projects, even if not statutorily required, such as concrete and steel restorations. The need for these types of costly projects should be evaluated by periodic structural inspections (which are not included in the preparation of a reserve study) performed by a structural engineer. Maintaining structural integrity, minimizing life cycle costs, and maximizing property values involve a combination of reserve studies and funding, a proactive preventive maintenance plan, and structural inspections.

Examining your building's structural soundness would alert boards to issues that could result in disastrous outcomes. For instance, the devastating collapse in Surfside, Florida, is shaping new regulations and laws. For example, in Florida and New Jersey, significant changes to local and state regulations have been implemented. Associations adapt to follow these regulations by performing required structural evaluations and funding reserves. Associations in some jurisdictions are now required to implement preventive maintenance planning and corrective maintenance repairs. These statutory changes are being observed by legislators and board members in other markets, who are looking at enhanced safety measures, and the implementation of legislative guidelines in their jurisdictions. We suggest following the recommendations of the Community Associations Institute (CAI) and reviewing their published reports such as “Reserve Study Standards,” “Best Practices — Community Associations Maintenance,” and others.

Mechanical

Each mechanical component of a high-rise building has a projected life expectancy and ongoing inspection requirements. Proper maintenance helps components reach their maximum expected life. There should be a preventive maintenance schedule for each component. Additionally, each component should be reviewed for inclusion in the community's reserve study. In most high-rise buildings, portions of the mechanical systems cannot be seen, such as riser pipes. These systems require replacement, and should also be evaluated for inclusion in the reserve study. Mechanical components include but are not limited to fire protection sprinkler systems, emergency generators, boilers, chillers, elevators, cooling towers, and other heating and cooling system (HVAC) components.

Security

Access control retrofits

Access control systems are typically part of comprehensive security programs for communities. As technology has progressed, more sophisticated biometric systems have come to market in addition to the traditional key-fob-based solutions. Regardless of the type chosen, each board should plan to build an integrated access control system that syncs with the community's software to maximize efficiency. This will allow the management team to focus on service initiatives rather than data reconciliation.

Security camera purchases or upgrades

The security camera industry has benefited from improved technology, and associations are moving from analog systems to digital IP (internet protocol) systems. IP systems tend to send the data over ethernet cables and have the capacity for higher picture quality, more flexibility, scalability, and better video analytics. Cameras are also getting better at detecting movement. This significantly reduces the time staff spends reviewing recordings to see if an event was captured. Additionally, some security cameras are now tying into databases and offering Optical Character Recognition (OCR) technology that “reads” a car's license plate, runs it against its internal database to determine if access should be granted, and even alerts the staff whether that vehicle may have been part of a crime.

FirstService Residential suggests reviewing policies with your management team and legal counsel to ensure associations take the proper precautions and consider privacy concerns when implementing these new technologies. As with all technology, changes come quickly and frequently. You should consider options carefully when adding to, changing, or upgrading your system to include “futureproofing” as much as possible.

Life Safety

Life safety equipment is another major component of capital expenditures and reserves for all residential buildings. Life safety elements, including fire alarms, sprinklers, communication systems, smoke evacuation systems, and backup lighting, should always be functioning and up to current standards. We recommend that associations not wait for the mandatory, annual fire inspection to confirm that the equipment is functioning properly.

Planning and financials

Capital Improvements

Each association's responsibility will vary. Please check the association's documents and consult with legal counsel to determine which components are covered by the association and should be funded appropriately. Associations should pay particular attention to this area because it may be subject to more frequent legislative updates and because of its potential impact on life safety. We suggest consulting with your insurance advisor about properly insuring these components.

Interior Work

Every 5 to 15 years, buildings usually go through remodeling or refreshing their community's aesthetics to match the board's and residents' vision. These projects include lobby renovations, flooring replacement, lighting retrofits, major remodeling, gym retrofits, and interior paint projects. Like most other capital improvement projects, procuring a qualified designer, engineer, and project manager ensures the project succeeds. Funding these projects appropriately ensures less financial strain on owners when the time comes to complete them.

Elevator Modernization

Elevator modernization is a significant area of spending that can reach more than six figures per elevator if full modernization is needed. Please refer to the section about elevator maintenance for more details. Technology has also shortened an elevator's life expectancy through designed obsolescence and ongoing improvements in access control systems.

Exterior Work

Landscaping redesign

Landscaping redesign, with the guidance of a licensed landscape architect, is another substantial expense for properties seeking to update their appearance. This is usually done in conjunction with renovating a driveway or pool area. Landscaping companies can help high-rise communities appropriately manage these projects to keep assets on a maintenance schedule that ensures proper trimming and fertilization to maximize plant life. Please refer to our section on landscaping and pest control for additional details. Some reserve studies do not take landscaping into consideration for replacement. Some specimen trees and ornamentals can be costly and should be considered in a reserve study or capital plan.

Pool and deck resurfacing

A pool's surface can deteriorate due to a lack of preventive maintenance and ordinary wear and tear. To keep the pool in good condition, boards should consult a professional and an engineer.

Podium decks, depending on the material, need specific maintenance and replacement protocols throughout the years. A professional engineer with expertise in this type of construction will assist in determining the manner of repair or replacement needed and the timing. Hiring the right professional also ensures proper application while helping the association address safety concerns. The deck replacement specifications should also give appropriate drainage designs so the deck's maximum life can be achieved.

Planning and financials

Insurance

Insurance needs for high-rise communities can be as unique and varied as their residents' lifestyles and the markets in which they are located. Residents expect to have peace of mind and confidence that their community and its variety of facilities and amenities are adequately protected.

Navigating the rapidly evolving insurance industry can be challenging, but with tailored expertise and guidance the following areas can be successfully prepared for:

Increased Premiums

Since 2019, premiums have risen significantly across all markets and have remained steady with no indication of changing.

Limited Capacity

Reinsurance constraints have resulted in carriers having limited capacity, resulting in major shifts to the types of properties they're willing to cover.

Building Updates

Carriers are focused on loss mitigation and are prioritizing the communities making upgrades that reduce the likelihood of claims.

High-rises regularly encounter challenges unique to their market during insurance renewal. These may include shifts in pricing and deductibles, alterations in available market choices depending on the building's height or value, and rising claims due to catastrophes in prone areas.

Since 2020, hurricanes, floods and structural failures have rocked the Florida market, driving premium increases and market restructuring due to the departure of over a dozen carriers. Similarly, record-breaking wildfire seasons in California and Canada have resulted in a mass exodus of carriers and an inability for most communities to cope with rising premiums.

When working to secure coverage that's affordable and effective, experience does matter. FirstService Residential strongly encourages board members to partner with an expert who focuses on Condo/HOA insurance and has strong relationships with specialized underwriters. By doing so, board members can have peace of mind through comprehensive coverage.

Planning and financials

Property Team

A well-functioning high-rise community requires talent that is prepared and trained to perform their roles. In major cities, there is a lot of competition for staff with skills, industry knowledge, and experience. And the competition is not only among residential buildings. The hospitality and customer service industries also recruit top talent, so an association's management partner needs to have an efficient human resources department that can find, train, and engage high-performing associates.

A few factors impacting labor and costs at high-rise communities include:

Minimum Wage

The current minimum wage will always play a crucial role in a residential building's ability to attract and retain quality staff. A community should offer wages that are competitive with the local market while managing costs for the association. Offering low hourly rates aligned to the minimum wage might create turnover risk for the association, where the most skilled professionals may look for opportunities for growth elsewhere.

Compensation

Competitive compensation packages that align with industry standards and the cost of living in a particular area can significantly influence an employee's decision to join or stay. Residential buildings prioritizing fair and comprehensive compensation — including benefits such as health and paid time off — are more likely to attract and retain top talent, ensuring a skilled workforce capable of delivering exceptional service to residents.

Unemployment Rate

In times of high unemployment, there may be a larger pool of qualified candidates, potentially making it easier for residential buildings to fill vacant positions. Conversely, low unemployment rates can create a highly competitive job market, making it more challenging for residential buildings to attract and retain top talent. In such scenarios, associations may need to boost their compensation packages, training opportunities, and other incentives to stand out among potential employers.

The Power of Retention

In addition to acquiring new talent, retaining existing talent is critical. Training and development have a direct impact on employee retention. Training programs help associates learn specific skills and provide the knowledge to perform and improve in their current roles. Development programs focus on associate growth and future performance. Community associations should leverage their management company's training and development programs to help retain the strongest talent in their association.

Planning and financials

Property Loss Mitigation and Remediation

If you are a board member of a high-rise building, you need to make a detailed long-term restoration plan to protect the structural soundness, aesthetics, and overall value of your investments.

It's vital to understand the distinct responsibilities and ownership structures between co-ops and condos when it comes to property loss mitigation and remediation.

In a co-op, residents own shares of the cooperative corporation, which includes the original structure of the building. Any repair work beyond the original structure falls under the responsibility of the individual unit owner. For example, the co-op may restore walls and prime them, but the unit owner is responsible for painting or applying new wall coverings within their unit.

Conversely, in a condo, each unit owner holds individual apartment ownership. When damage occurs, different components may fail, impacting the building's common areas and residents' individual units. It's crucial to delineate responsibilities between the building and unit owners, as well as account for potential impact on neighboring units.

Regardless of the ownership structure, a key element that goes hand in hand with remediation is a robust insurance strategy.

Board members should collaborate closely with property management and insurance providers to develop a comprehensive insurance plan that aligns with restoration plans. When damage occurs, seamless coordination between insurance providers, contractors, and property management can streamline repairs and maximize cost effectiveness.

It's key to secure adequate insurance coverage at the building and unit levels. Unit owners should account for the current value of their unit's elements and finishes when purchasing insurance rather than relying on (likely) outdated construction or renovation costs.

By proactively addressing property loss mitigation and remediation needs, embracing sustainable practices, and aligning insurance strategies with remediation plans, co-op and condo board members can safeguard the value and appeal of their high-rise properties for years to come.

Planning and financials

Fire Protection

High-rise building management has seen a dynamic shift towards enhancing fire protection. These measures, while critical for safeguarding lives and property, also have a significant impact on operational costs and maintenance strategies.

Below are the top fire protection factors that board members and managers need to consider:

Advanced fire detection and suppression systems

Installing and maintaining sophisticated fire detection and suppression systems, including sprinklers and smoke detectors, plays a key role. Traditionally, regular maintenance and inspections can result in higher maintenance expenses. Now, with advancements in technology such as remote inspections, self-testing detectors, and cloud-based inspection tools, building managers may start seeing costs decline.

Compliance with building codes and regulations

Meeting the latest building codes and fire safety regulations sometimes necessitates significant upfront investment in fire and life safety systems. Modifications to these systems or their maintenance can notably affect maintenance budgets.

Local authorities' adoption of third-party reporting systems

The move towards strictly enforcing fire codes through third-party reporting systems requires buildings to adopt a more rigorous maintenance schedule to drive compliance. This increased scrutiny may identify previously unnoticed deficiencies, necessitating immediate rectification to avoid penalties. Such an environment not only increases the frequency of inspections and maintenance activities but also pressures buildings to invest in higher-quality fire protection systems to pass these assessments, which may drive up costs.

Requirement for Emergency Responder Communication Enhancement Systems (ERCES)

The mandate for ERCES in both new and existing buildings introduces significant financial implications. This requirement can be integrated into the design phase for new construction, albeit at an added cost. Existing buildings, however, face the challenge of retrofitting these systems, which can be highly disruptive and expensive, particularly in buildings not originally designed to accommodate such technologies.

Cloud-connected fire alarm systems

Adopting cloud-connected fire alarm systems represents a paradigm shift in maintenance strategy from reactive to proactive. These systems enable real-time monitoring and predictive maintenance. By predicting failures before they occur, buildings can avoid the high costs of emergency repairs and downtime. With features like self-testing detectors and enhanced software tools for inspectors, maintenance is quicker and less disruptive, saving time and money. However, the installation and initial setup of cloud-based systems can be a significant investment.

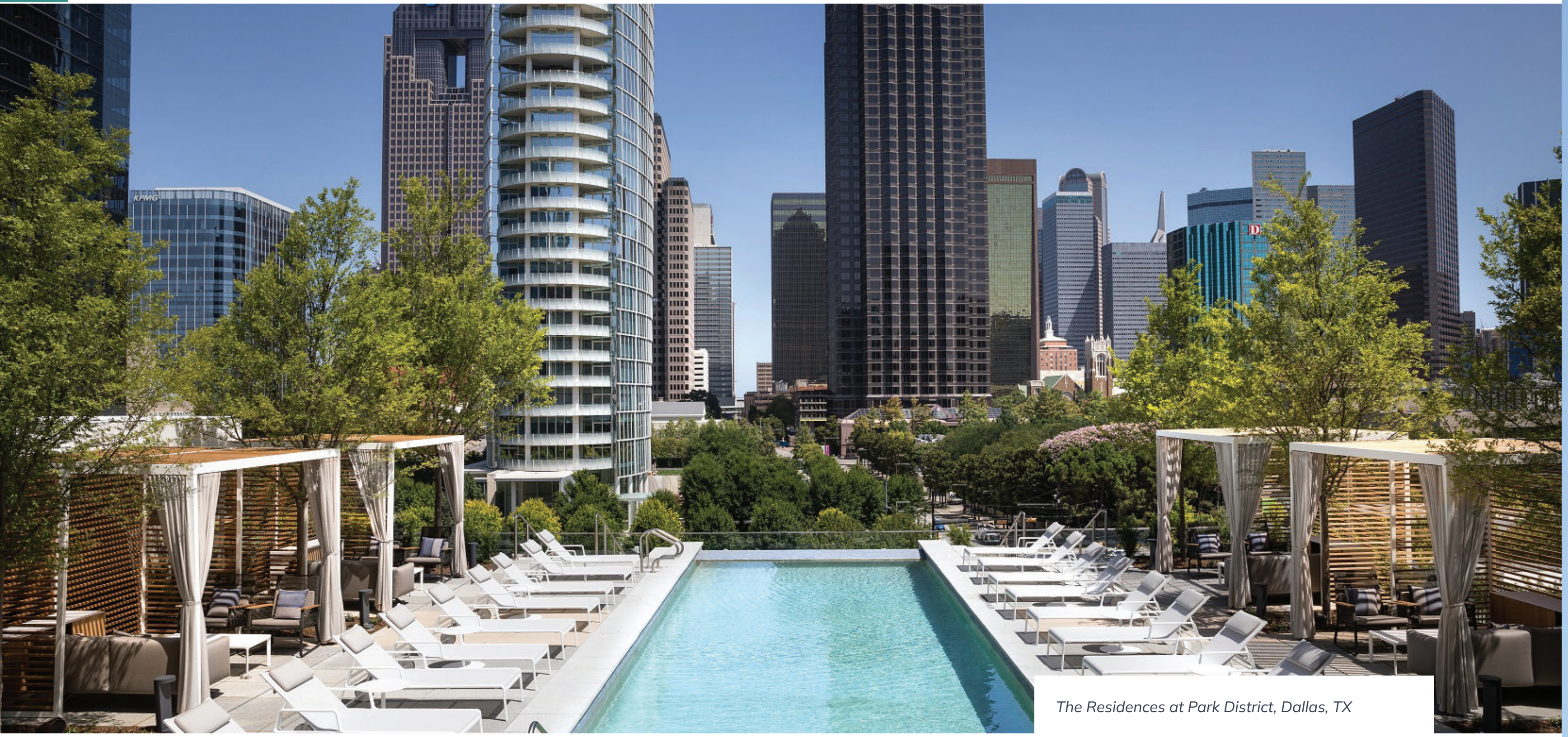
Lithium-ion battery fire protection

The rise in lithium-ion batteries poses new fire risks, requiring buildings to update their fire protection systems and invest in training personnel. This entails the installation and ongoing maintenance of the system. The need to constantly evolve fire protection strategies to address emerging risks adds to the complexity and cost of maintaining high-rise buildings.

Many factors affect the cost of high-rise building fire protection and maintenance, including adopting advanced technologies and complying with regulations to address modern hazards like lithium-ion battery fires. While these measures are indispensable for ensuring safety, they can increase operational expenses. Nonetheless, the shift towards more proactive and predictive maintenance, facilitated by technological advancements, offers a way to optimize these costs while enhancing safety and compliance. The balance between safety and cost-efficiency requires ongoing attention to innovation, regulatory changes, and strategic investments in fire protection and maintenance practices.

Services and amenities

Aquatics



The Residences at Park District, Dallas, TX

In May 2020, a family's vacation turned tragic when their 3-year-old child was severely burned by over-chlorinated water in the resort's pool. The aftermath resulted in prolonged medical treatment and undeniable trauma for the family. The resort owners also had to pay $26 million to resolve the lawsuit.

This incident is not an isolated case but rather highlights a systemic issue in pool management and maintenance. It highlights the consequences of neglecting proper chemical balancing in swimming pools that can extend far beyond physical injuries. The financial, legal, and reputational damage to property management companies and their clients can be significant.

By using automated pool chemical management systems, pool owners can mitigate the hazards of handling and adjusting pool chemicals manually to promote consistent water quality. Not only do these systems enhance safety, but they provide crucial liability protection for property management companies. Automated records serve as proof of diligent maintenance and assist in compliance with health and safety regulations.

Automated pool monitoring systems like Aquatics Vision exemplify new technology in pool maintenance, offering reliability with some of the world's most advanced water treatment technology. It measures and regulates chlorine levels, pH balance, and other critical water quality parameters. Moreover, the system's cloud-based technology allows for remote monitoring, adjustment, and alerts.

With Aquatics Vision, property managers can access precise and timely information about the pool's chemical balance. This data becomes a tool to help pool vendors adhere to agreed-upon performance standards. It also allows the Aquatics Vision staff to meet those standards.

Automated systems will continue to shape the future of pool maintenance, driven by the demand for higher safety standards and more efficient maintenance processes.

Services and amenities

Fitness and wellness

The fitness center is an essential amenity for high-rise buildings, and the form and function of these spaces are shifting. Gym-goers are looking for more than a row of cardio machines and weight circuits; they want open spaces to participate in functional fitness training and private areas for stretching and recovery. It's important to provide the equipment and spaces to support these efforts, and boards should consult human resources to facilitate these shifts.

A few trends board members should consider when planning for fitness and wellness programs include:

Wearable Technology

Wearable tech continues to grow as a fitness trend. Providing fitness equipment that syncs with smartwatches helps users track their physical activity seamlessly.

Fitness for older adults

Fitness for older adults also continues to expand in scope. We know that exercise is medicine and physical fitness plays an integral role in improving lifespan and healthspan. For residents with pre-existing conditions, providing equipment and accessories where they can exercise post-physical therapy or cardiac rehab is critical. Older adults can live independently for decades beyond retirement. To support this demographic, communities should offer resources where older adults can work on cardiovascular fitness, muscular strength and power, balance, agility, mobility, and flexibility.

Certified Fitness Professionals (CFP)

Employing certified fitness professionals (CFP) is another trend. Professional agencies certify trainers, ensure minimal educational standards are met, and most require a CPR/AED certificate to maintain their credentials. Many trainers also have advanced certifications based on their personal interests or areas of expertise: senior fitness, sports conditioning, corrective exercise, weight management, youth fitness, etc.

Certified trainers are valuable for establishing realistic goals, assessing fitness levels, and providing ongoing exercise programming and motivation. A CFP can support anyone new to exercise who may be unsure how to implement an exercise plan to support their overall goals.

NOTE: Before allowing any certified trainer to work with clients on location, it is prudent to verify liability insurance with minimal acceptable coverages.

Exercise for weight loss

Exercise for weight loss is also a priority for many residents. Things to consider for those trying to lose weight: Private areas for those who are self-conscious while exercising, machines that support all weights and sizes, and access to professionals who can provide guidance, motivation, and support.

TRENDS

Virtual Fitness

Virtual fitness is also very popular. Most new exercise equipment provides motivation and engagement through virtual fitness instructors, scenic courses, or pre-set fitness programs for weight loss, high-intensity interval training, and fitness testing. In many cases, users can log in to track usage and improvements. No-cost internet streaming is also a great perk, encouraging exercise adherence.

Mental Health

Exercising to improve mental health is rising in importance. There is ample scientific research that demonstrates regular exercise can ease, or even treat, conditions including depression, anxiety, PTSD, and sleep disturbances. Providing a facility that is welcoming, clean, light, and bright will support adherence, but regular participation in physical activity is what ultimately improves mental health.

Youth athletic development

Youth athletic development, or providing spaces and equipment where kids of all ages can play, is a great way to promote physical fitness in kids. "Athletic Development" is different from "Sport Specific Training." Encouraging youth to participate in activities that develop speed, power, agility, and cardiovascular fitness in a non-intimidating environment makes for a healthier, well-rounded child.

Wellness Initiatives

Wellness initiatives that support holistic health are still critical, but the methods have shifted. Designated areas that provide opportunities for mind-body activities (i.e. yoga, breathwork, and meditation) are popular. Modalities such as cold plunge, cryotherapy, infrared light beds, saunas and salt rooms, massage chairs, and/or spaces for a licensed massage therapist are also becoming mainstream. Repurposing underutilized areas is a great way to bring in these modalities, many of which do not require direct supervision.

Fee-for-service is also an option for communities where the budget cannot afford dedicated fitness and wellness professionals or programming. Inviting local professionals for a Guest Lecture Series is another no-cost way to educate and engage residents.

As fitness and wellness play a more significant role in residential communities, the amenities should support these needs. Broadening your scope of service will appeal to a broader audience and increase the number of resident users.

iconbrickell, Miami, FL

Services and amenities

Food and beverage

People's passion for food and culinary experiences continues to shape their travel, entertainment, and leisure decisions. At the same time, food and beverage outlets continue to evolve where people spend most of their time: in the managed communities they choose to call home.

With expectations rising, food and beverage is no longer just an amenity, but a necessity. In many high-rise buildings, these food and beverage outlets serve as much more than a convenience, they become a meeting spot for residents to connect, enhancing their sense of community.

FirstService Residential's lifestyle and community solutions teams work with boards and developers to design unique food and beverage experiences for each property. These can differ based on the city, culture, region, and climate. Here are some examples that illustrate the variety of choices high-rise communities can explore today:

Full-service restaurants

Staffed, elevated restaurants offer privacy for residents and their guests to meet, gather, and enjoy a meal without leaving the building. These restaurants can be designed around a partnership with a chef, or align with an existing brand.

Coffee shops

These casual gathering places can have a barista preparing custom hot and cold beverages or function as a snack shop with fresh juices and fruit bowls for a health-conscious option.

Vending solutions and grab-and-go

Whether residents want a nutritious treat or a guilty pleasure, they can satisfy their hunger with automated vending machines. For convenience, a mini market can offer cooking basics without visiting a grocery store.

A casual café can become a gathering spot for residents and enhance the sense of community in a building.

Third-party branded partnerships

Our teams have experience working with well-known brands. For example, we collaborate with popular coffee shops, casual dining groups, and upscale eateries to bring their service and products to a residential community.

Recreational areas

Food and beverage outlets strategically placed at the pool, beach, kids club, and other recreational areas add ambiance and offer residents an oasis to relax like they are on vacation while at home.

Events, catering, banquet, and room service

Some buildings have services to prepare food and deliver it to the apartment (similar to hotel room service), as well as catering for events and meetings.

Wine rooms and locker programs

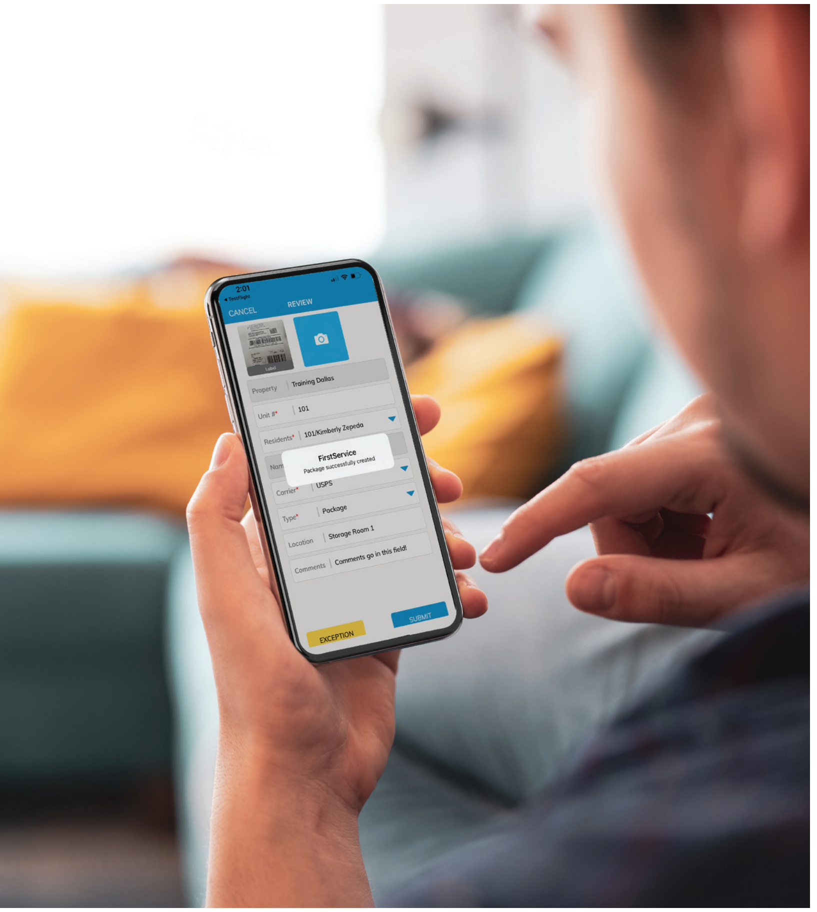
For those looking to store their collection or to enjoy a private retreat, high-rise properties can create a wine-tasting and storage room.

Many of today's communities currently or will soon offer food and beverage experiences to match the interests of their residents. Whether elevating service standards or creating a new food and beverage concept, board members will benefit from exploring new options with a partner who can help build the right solution. No idea is too complex when FirstService Residential collaborates with experts to tackle the project one bite at a time.

Wine room at 53 West 53, New York, NY. Photo: Evan Joseph

Services and amenities

Package Management



Residential high-rise communities are seeing more packages arriving at their front desks. With different delivery companies involved, handling packages for a building means dealing with several factors. Some come from the United States Postal Service or Canada Post. Then there's Amazon, which depends on UPS, while other companies may use DHL or FedEx. That means multiple drop-offs at various times and locations within your building daily.

For high-rise communities, it's key to establish efficient procedures, personnel, and modern technology to reduce friction and ensure packages find their way to the correct residents.

Here are trending solutions that help communities stay on top of package deliveries:

Connect Front Desk

Connect Front Desk is an app designed to improve operations in high-rise properties by simplifying communication between front desk staff and residents. The app facilitates in-person deliveries and tracks and informs residents about their packages. Residents can tailor their notification settings to receive texts and/or emails when a package arrives.

Lockers

Package lockers are now established as a tried-and-tested solution to provide residents with a safe way to get their package deliveries at any time of the day. They are typically placed in a shared space near the entrance or elevators so residents can easily pick them up.

Location tracking systems

In dense high-rise buildings, it can be difficult for building staff and residents to locate packages when several deliveries happen within a close time frame. A high volume of packages can take longer to be logged into a building system, impacting resident retrieval. Location tracking systems like Position Imaging help building operators improve the package storage and retrieval process for residents, offering a real-time "map" of where items are in a building's package room or facility.

Personal Delivery

Increasingly, luxury residential properties have special programs for personal deliveries. This is a higher level of service that requires a dedicated process and staff, technology, and infrastructure to run smoothly. It can include a separate "butler's entrance" for staff to deliver packages discreetly to a resident's home.

Services and amenities

Pets

Pets are family, and many high-rise communities are expanding services and amenities to help residents care for their four-legged friends.

Board members have two decisions to make regarding pet owners: the first is to develop the services and amenities that simplify life for residents with pets. This can be building and managing pet spas, washing stations, and offering services such as dog walkers and groomers, pet day camps, and social events. The second is setting up pet policies so all residents can enjoy their community, pet owners or not.

A dog run with a view, at Arthaus Philadelphia. Photo: Kat Kendon

Services and amenities

While cats and dogs are the most common household pets, most amenities are geared toward dogs. Most cats prefer to enjoy the privacy of their homes, and maybe endure a spa appointment for grooming, while dogs enjoy socializing at a dedicated "bark park" and freshening up after a walk outside at a washing station before heading home.

Beyond amenities and services, some high-rise communities also organize events and special activities with pets in mind. That can include costume contests, "yappy hours," "pets on the patio" mixers, and other activities and classes throughout the year.

New options for pet care will continue to expand as more households welcome pets and service animals. As a result, amenities and innovative services will continue to evolve to accommodate these very special residents.

Pet Policies

Each association, in collaboration with its attorney, creates the pet policies that work best for their residents' lifestyles. Some communities welcome all cats, dogs, and exotic animals, while others limit pets by size and breed. There is no one-size-fits-all policy, especially as buildings accommodate increased pet adoptions and service animals residing in communities.

It's important to note that service animals are not pets. The Federal Fair Housing Act and Americans with Disabilities Act protect those who require service dogs, and each community board should work closely with the association's attorney to ensure reasonable accommodations for approved service animals.

Policies are implemented to ensure all residents have a pleasant living experience. Regardless of whether a resident has a pet or not, everyone is in agreement that it is that pet owners should handle waste appropriately. That's why services like PooPrints promote responsible ownership. This service takes DNA from any uncollected pet waste and matches it to a database to uncover who did not clean up after their pet.

Services and amenities

Technology

New technology continues to impact how high-rise residential buildings function, from capital improvements and elevators to fire protection and package management. Tech solutions improve communication, energy efficiency, security, and comfort for residents, visitors, and associates working at these properties.

Technology and tools that will continue to expand and enhance life at high-rise buildings include:

Biometrics

Contactless technologies have become more popular in the wake of the COVID-19 pandemic. Biometric systems, such as fingerprint or facial recognition, that do not require physical contact are likely to appear more often in residential buildings.

Biometric systems can also be integrated with other building management systems. For example, linking biometric access control with elevator systems ensures that individuals can only access authorized floors and areas.

Smart homes/buildings

Advancements in the Internet of Things (IoT) and smart building technologies already play a significant role in high-rise buildings. Implementing smart lighting, climate controls, security systems, and occupancy sensors can enhance efficiency and the resident experience.

Smart Home IoT and integrations help manage home appliances and utilities and monitor and alert homeowners of incidents while away from home. IoT sensors monitor the environment and call for help when needed. Smart thermostats, remote door locks, and smart alarms drive convenience and peace of mind.

Artificial intelligence as a digital assistant is also becoming more common among homeowners. Residents are busy and appreciate technology that simplifies their lives. Using voice or text to interact with a digital AI assistant can help with various tasks — Did I pay my monthly condo or HOA fees, or is my work order being processed? Adding AI to resident communication and customer care platforms creates opportunities to provide information and assistance to our residents sooner.

Safety/digital monitoring

With the increasing frequency of extreme weather events and a focus on building safety, high-rise structures are expected to incorporate advanced technologies and designs to enhance resilience. This includes earthquake-resistant structures, fire-resistant materials, and improved evacuation systems. The integration of advanced monitoring systems for early detection of potential risks and emergencies is also anticipated.

Technology can improve the living experience in residential communities in various ways. It can be hard to keep up with new solutions and decide where to invest. That's why working with your building manager can help you access helpful resources on what's new and find what will suit the specific needs of your community best.

Infrastructure and utilities

Cable and internet

High-rise communities continue to evolve as hubs for life, entertainment, and work. That's why connectivity is a vital component driving resident satisfaction. Residents expect robust Wi-Fi throughout their living and working spaces.

When budgeting for a high-rise residential community, it's key to understand recent improvements in Wi-Fi technology, including managed Wi-Fi networks, internet-connected devices, and storm-resilient networking equipment. Here are four trends board members need to be aware of:

Managed Wi-Fi

Managed Wi-Fi allows for centralized control of amenities such as doorbell cameras, thermostats, and leak detection devices over the network. That's an example of a "smart home" environment that leverages tech to unlock small comforts and convenience for the resident.

Resiliency in home networks

Services like Storm-Ready Wi-Fi (offered by Comcast) are designed to provide coverage for up to four hours during power outages using the latest cellular network technology. Kits include a device and battery backup to maintain online connectivity during a virtual work meeting … or the final game of the season.

Consolidation in streaming/cable companies

Consolidation in the industry may bring additional value for consumers. There have been talks between Disney, Fox, and Warner Bros Discovery to launch a sports streaming service capturing younger viewers; Paramount Plus and Peacock to team up; and Spectrum TV to include Disney+ Basic at no additional cost in all Spectrum TV Select packages.

The evolution of networks

Consumer expectations of reliability and speed continue to rise, along with the number of active devices in each household. That's why internet providers continue to enhance their hardware to deliver the speed required by today's internet services.

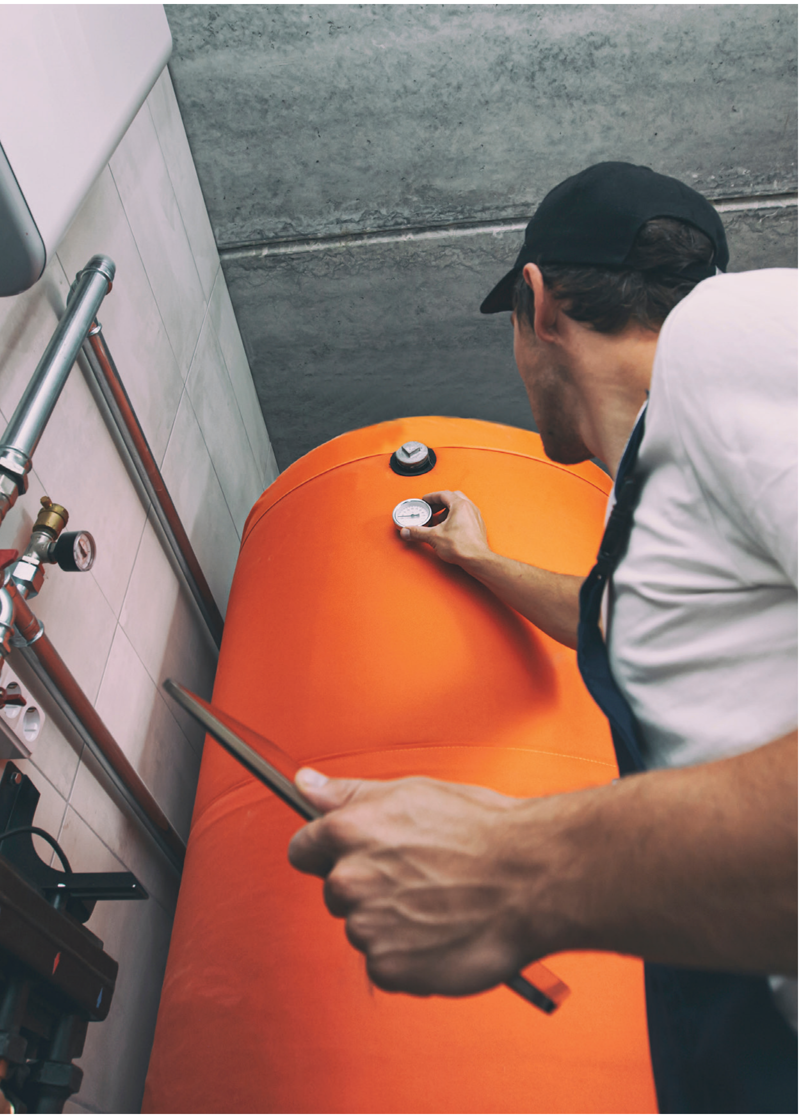
For faster network speeds, FirstService Residential recommends using the most up-to-date equipment. For example, a symmetrical speed coax promotes multi-gigabit symmetrical speeds over existing connections, and DOCSIS 4.0 provides faster speed, enhanced security, and improved reliability, marking a significant step toward 10G.

Connectivity offerings will continue to evolve with technology. Board members should work with a reputable partner to stay informed about solutions that will meet their community's needs. These solutions can range from investing in enterprise-grade networking equipment to supporting managed services to optimize connectivity and promoting regular upgrades to support new devices and use cases.

Infrastructure and utilities

Energy and sustainability

The energy landscape is undergoing a transformation, increasing the complexity of this significant and essential expense for all community associations. Advancements in technology, environmental concerns, shifting regulations, and evolving consumer demands are all contributing to reshaping how energy is thought of in society, buildings, and budgets, especially in vertical communities. Against this backdrop, it becomes crucial for community associations to stay ahead of the following trends shaping the energy sector so they can make better decisions and plan for the future.



Here are key trends to remember when budgeting for energy costs:

Benchmarking and building performance standards

The National Building Performance Standards Coalition is a group of US state and local governments committed to implementing building performance standards. In Canada, Vancouver is the first city to adopt a building performance standard. Toronto has recently announced their intention to adopt a building performance standard, and we anticipate that more governments might follow. The need to meet sustainability targets drive cities, states, and provinces to create building energy and water usage reporting. The typical path for these initiatives usually begins with mandatory annual benchmarking, which requires energy and water usage reporting using a North American standardized tool. Typically, noncompliance is met with financial penalties.

Federal, state/provincial, local, and utility policies and incentives play a crucial role in adopting decarbonization, energy efficiency, and/or renewable energy in multifamily buildings. Incentives such as rebates, tax credits, grants, and low-interest loans can significantly reduce the financial barriers associated with renewable energy investments in high-rises. The US federal government passed the Inflation Reduction Act (IRA) in 2022, which prioritizes lowering energy costs long-term and investing in clean energy. It includes tax credits and rebates for homeowners and renters. How these tax credits may most effectively apply to condos and HOAs is currently being determined.

Electrification

"Electrification" has gained traction over the last few years as a more specific term for decarbonizing existing buildings. There are three main drivers for electrification: existing buildings emit a large percentage of the total CO_2 emissions in North America; people, and the buildings in which we reside, often have energy needs that are currently being served by fossil fuel sources, such as heating spaces or water, or back up power; and using electricity will deliver lower overall emissions, as electricity grids are relatively clean and have plans to get cleaner.

Heat pumps are commonly chosen to electrify buildings, as they can achieve higher than 100% efficiency. The technology is being rapidly developed, and cold-climate heat pumps are being used in NYC and other cold climates. Recommissioning the existing equipment is often a good first step to take because it immediately reduces utility consumption and reduces the future demand on the building's electrical service, which is often a constraint.

Based on the above factors, communities should start planning now for how they will decarbonize over the next 10 to 20 years. For some, it might be a straightforward path, but for others it requires extensive changes to how buildings operate, requiring large investments.

EV Charging

Electric vehicle (EV) sales in 2023 were more than six times higher than in 2018. According to Cox Automotive, US consumers bought over 1 million battery electric vehicles (BEVs) in 2023 for the first time, a 46% increase from the prior year. EVs also accounted for 7.6% of overall car and light truck sales, an increase from last year's share at 5.9%. Canada saw similar trends in 2023. The market share of EVs increased to 7.8%, with total volume increasing by 46%.

While the beginning of 2024 may have shown a slowing of the acceleration, EVs continue to be purchased in significant numbers. According to JD Power 27.7% of shoppers are very likely to consider an EV in the next 12 months.

Accelerating and expanding EV adoption is contingent upon implementing charging solutions where people need them and in sufficient numbers. Both governmental and private entities are continuing to expand the EV charging network throughout the US and Canada, with DC fast chargers along highways and Level 2 chargers where people typically park such as grocery stores, parks, and gyms. However, charging for most people happens at home. Cars are often parked at home for eight to 15 or more hours per day. Leveraging this idle time to charge a car is typically the most convenient option for residents. At home charging is changing from an amenity to a necessity for many high-rise residents in the US and Canada. This needs to be considered a priority by the board of directors.

Renewable Energy

Renewable energy technology costs, particularly solar and wind power, have steadily declined over the years. This trend is expected to continue due to technological advancements, economies of scale, and supportive policies.

The push for electrification also drives the push for clean energy to support the growing grid. Integrating energy storage solutions, such as batteries, pumped hydro storage, and thermal energy storage, is becoming increasingly important for managing the intermittent nature of renewable energy sources like solar and wind power. Advances in storage technology are expected to enhance grid stability and reliability, further supporting renewable energy's growth.

Multifamily buildings are increasingly installing solar photovoltaic (PV) systems on rooftops or subscribing to off-site community solar projects. This trend is driven by declining solar panel costs, favorable

Infrastructure and utilities

Energy and sustainability

incentives such as the federal Investment Tax Credit (ITC) and state, local, and utility level incentives, and growing awareness of solar energy benefits.

Growing demand from tenants, investors, and other stakeholders for sustainable and energy-efficient buildings is motivating multifamily building owners to integrate renewable energy solutions. Renewable energy installations can enhance the marketability of multifamily properties, attract environmentally conscious tenants, and improve tenant satisfaction and retention.

Integrating renewable energy systems with existing infrastructure can be challenging due to increased structural demands. The focus is to get renewable energy from the utility.

Commodities — water, sewer, electric, gas, and oil

When purchasing water, you pay for the water coming out of the faucet and the sewer water going down the drain. There is a growing need to invest in water infrastructure that addresses aging systems, mitigates water loss, improves resilience to extreme weather events, and complies with regulatory standards. Water utilities increasingly invest in infrastructure upgrades, including pipe replacement, treatment plant rehabilitation, and advanced monitoring and control systems. Rising infrastructure costs may put upward pressure on water and sewer rates to fund these projects. Some municipalities are seeing a trend of significant increases in these water and sewer rates, which is not expected to narrow or slow.

According to the US Department of Energy, most United States regions will find 2024 wholesale electricity prices to be similar to 2023. Household winter expenditures were forecasted to increase in fuel oil and decrease in propane. A decrease in natural gas bills was also forecasted for this winter. One of the trends driving up electricity costs is the push for cleaner, greener sources of electricity, such as

solar, storage, and wind. While the energy components of bills may decrease, the non-energy components may continue to increase driven by the push for cleaner, greener sources of electricity.

Water Conservation

Water conservation is increasingly important in the United States due to factors such as population growth, climate change, and aging infrastructure. Advancements in water-saving technologies, such as low-flow fixtures, efficient irrigation systems, smart water meters, and water-efficient landscaping practices, are helping consumers and businesses reduce water consumption. These technologies optimize water use, minimize waste, and provide real-time data for monitoring and managing water usage.

Utilities are adopting pricing structures and incentives to encourage water conservation among customers. Strategies such as tiered pricing, rebates for water-efficient appliances, and landscape irrigation audits incentivize consumers to use water more efficiently and reduce their water bills.

Resiliency

Extreme weather is increasingly common worldwide, including in the United States and Canada. Communities must focus on resiliency and reliability. Some resiliency plans include fire prevention, drought-resilient landscaping, flood prevention, wind protection, and earthquake-safe designs.

Sustainability

Sustainability in multifamily buildings includes various topics, from composting to cooling towers. Air quality has also become a priority in response to the COVID-19 pandemic and the Canadian wildfires in 2023. To implement air and water management in multifamily buildings, owners should work with trusted professionals for real, reliable solutions.

Infrastructure and utilities

Elevators

Elevators are essential for residents to move around high-rise residential buildings easily. That's why board members need to plan and budget for the cost of keeping them in good working order.

From 2021 to 2024, elevator maintenance costs have increased by 1.9% in the U.S. and 3.2% in Canada*. Macro forces drive costs, including semiconductor and electronic component availability, wages, oil, and the cost of new construction.

Labor

Labor is the most significant cost for associations that need elevator maintenance. Based upon the buildings that FirstService Residential manages, labor accounts for between 70 and 80% of the contract costs, depending on the type of equipment, its condition, and the level of service required.

Parts

Parts contribute between 20 and 30% of total elevator maintenance contract costs*. Due to rising competition among electronic component manufacturers, the price of semiconductors and electronic components has fallen steadily over the past decade. This slight decline has helped limit price increases for these components. On the other hand, the price for lubricating oils is based on crude oil prices, which tend to be volatile.

Annual cost escalation rates

Like all service contracts, associations should expect to have a yearly escalation rate between 3 and 10% on their elevator maintenance contract. These escalation rates can be negotiated individually for the labor and parts components. Maintenance contracts may also be offered with an annual escalator tied to the Consumer Price Index (CPI).

Compliance

It's key that associations work with vendors who understand the evolution of local safety regulations to plan and budget for the necessary work to stay compliant. Examples include deadlines to comply with door lock monitoring, e-brake, and other safety code updates.

Elevator Modernization

Beyond maintenance and required updates, associations might consider upgrading their elevator equipment to avoid significant downtime while improving the resident experience. Elevator modernization technology investments can vary from tens of thousands of dollars to hundreds of thousands of dollars. That includes elevator screens, access control and biometrics, and remote monitoring to predict maintenance and repairs.

Source: Otis

Infrastructure and utilities

Landscaping

Landscaping is a unique way to connect with nature and create peaceful spaces in the heart of a city. When well planned and maintained, landscaping not only enhances visual appeal but also promotes a feeling of calmness and wellness. Thoughtfully chosen plants, water elements, and outdoor sitting areas offer residents a relaxing retreat from the noise and activity of city life. This focus on the natural environment encourages a stronger sense of community and improves the overall quality of life for those living in high-rise buildings.

Here are notable trends in landscaping and gardening that are worth considering when enhancing common areas in high-rise communities:

Edible Gardens

Edible gardens combine beauty and function. They're interactive and provide endless opportunities to build community. As an added bonus, they're scalable to the space available.

An edible garden can be grown indoors or outside:

- Living walls are showstoppers that maximize vertical space. These are well suited for herbs, lettuce, strawberries, and chard.
- Rooftops and courtyards make great places for raised beds.
- New, attractive options for grow lights look like stylish fixtures and make indoor growing blend seamlessly with décor.

A shared edible garden can become a community's focal point, and growing your own food dovetails into another trend: low-carbon landscaping.

Low-carbon Landscaping

- Favor local resources whenever possible: utilize native plants and local vendors for fertilizer and mulch.
- There are new, reputable companies that can repurpose clients' green debris into compost and organic mulch. This tactic saves money, yields healthier soil, and reduces waste bound for landfills.
- Work with a landscape partner that utilizes hybrid and electric landscape equipment to reduce emissions and noise pollution, including handheld battery-powered equipment and electric mowers.

Colorful and comfortable outdoor spaces for socializing

The COVID-19 pandemic highlighted the importance of outdoor spaces for socializing, and interest in creating new gathering spaces (or renovating old ones) has only increased since.

- Re-evaluate unused or under-utilized outdoor spaces to create something more inviting.
- Residents want more than just seating. They're looking for stand-out amenities like:
  - Outdoor kitchens
  - Pizza ovens
  - Shade structures
  - Fire pits
  - Water features (consider using harvested rainwater, reclaimed water, or even condensation from your HVAC system for a more sustainable option).

The maximalism trend is also headed outdoors with eye-catching colors and contrast in planting schemes.

The good news is that perennials, native, and drought-tolerant plants provide many opportunities to create bold combinations and are still well adapted to your area, low-maintenance, and environmentally friendly.

Infrastructure and utilities

Pest Control

When planning how much to spend on pest control services, high-rise communities should consider a few things.

The first step is to get an evaluation of the property. Have the pest control expert identify what is going well and what needs to be improved.

Next, the association should think about how much pest control it requires. A pest control contract can vary in scope, from covering only the common areas to covering the common areas and the inside of the units or something in between. Some communities have select units serviced on a rotating basis every two or three months.

When budgeting for these services, associations should negotiate on behalf of their residents for discounted pest control services. Most companies provide substantial in-unit volume discounts if they are already servicing the building.

If rodents are a problem, associations should consider implementing a program to control them. Rodent control is normally not part of a regular pest control contract and should be brought up when an association is negotiating with its pest control expert.

Some areas of pest control are growing in terms of technology and scope. Here are important factors to think about when making your budget:

Integrated pest management (IPM) plan: A crucial step in working with a pest management provider is establishing an IPM plan. This approach involves using various strategies for pest control, such as biological, cultural, and mechanical methods. It aims to reduce the use of pesticides and stresses prevention and monitoring. Also, buildings can select all-natural options if residents are concerned about chemical exposure. The industry can now offer options depending on what is most important to the association.

Technology integration: Advances in technology have allowed for more efficient monitoring and control of pests. Remote sensing devices, smart traps, and data analytics can track pest activity and optimize control strategies.

Data analytics and predictive modeling: High-rise communities can process large datasets from various sources by using advanced data analytics. Predictive modeling algorithms then analyze historical data to forecast potential pest outbreaks, and pest control providers can take proactive measures before a significant problem arises.

Infrastructure and utilities

Waste Management

Disposal of garbage and recycling, a vital service in high-rises, continues to evolve to better service the needs of residents. The cost of waste management has gradually increased every year since 2010. The price of gas, which is one of the main factors in pricing, has helped to reduce the costs a bit lately, yet an increase of 4 to 5% per year is expected for the near future.

Trash hauling has come a long way over the past decades. The advances in technology and modern transportation have made it more efficient and cost-effective.

Costs

Franchised vs. non-franchised markets/contracts

Some municipalities have made direct agreements with trash haulers. This means that municipalities may have set prices with one hauler that all communities and businesses have to use. These are called franchised markets. In non-franchised markets, communities can pick which trash hauler to hire for trash hauling and disposal services.

What drives the price?

The monthly price for trash hauling and disposal services is driven by a few factors:

1. **The type of waste:** Communities usually have non-hazardous waste, which tends to be the least expensive. Communities that also have commercial spaces should calculate accordingly if any other type of waste pickup is required.
2. **Distance to disposal facility:** The closer the community is to the disposal facility, the lower the cost of service.
3. **Location:** Communities in dense metropolitan areas tend to have higher costs because it may be harder for the workers to move bins to the curb.
4. **Type of container leased:** Bigger containers tend to cost more money. Specialty containers, like those used for compactors, also tend to be pricier than their standard, plastic-top counterparts.
5. **Length of service:** Associations may achieve discounts by signing longer contracts. Most non-franchised contracts are about three years in length.

Industry Insights

Compactors

Compactors are a solution to community buildings with a limited amount of space and large volumes of trash. Compactors tend to produce 4:1 compaction and reduce the total amount of containers needed at a property. However, like all mechanical components, they eventually do need servicing and may break down. It's prudent to have a regular maintenance agreement with either an independent company or the waste management provider. Communities should also consider purchasing their compactors as the leasing option is usually more expensive in the long run.

Trash to energy initiatives

Many of the companies that provide trash disposal services have now converted their landfills to energy-producing plants. In other cases, incinerating waste can also provide power to the grid. These and other new forms of renewable energy from waste have reduced the need for landfill disposal.

Technology

Technology advancements have provided the waste management industry and its customers with new ways to deal with trash hauling. Thanks to technology, dispatchers know exactly where their trucks are, and consumers get a view of how much trash they're sending to landfills and how frequently they really need service. All of this technology helps cut costs. Most providers share this data with customers when requested.

Safety

Safety around the trash room is an essential aspect for communities. Containers are a challenge to move in tight quarters and can cause injuries. Some communities are implementing new solutions like the Waste Caddy to move their dumpsters around with more control and ease.

Keeping costs down

Communities should always go out to bid for trash hauling services if they are within non-franchised municipalities. Comparing the smaller haulers to the big players — Waste Management, Waste Connections, Republic Services, and Waste Pro — will give communities a good idea of what services are required and what fair pricing is.

Single stream recycling and contamination fees

There have been significant changes in the recycling industry lately. According to The Atlantic, America sent the bulk of its recycling to China for decades. But in 2018, China started restricting the imports of certain recyclables, demanding lower contamination percentages in what they accept. In turn, the trash collection companies have begun to inform municipalities and communities that there is no longer a recycling market. There are now two choices: pay higher rates to continue recycling or throw it all away.

There have also been changes to what can and cannot be recycled. When reviewing the scope of work, it's key to understand the most current guidance for their single-stream recycling.

Debris removal after weather events

HOA and condo associations should be ready to remove debris after a hurricane, tornado, or other weather event. Each association should check with their municipality and/or waste hauler to ensure that all the required documentation and details are on file. For example, sometimes a right of entry agreement may be needed. Other times an agreement with a third-party hauler company or tree removal company may make more sense.

Expense Guides

BENCHMARK was created using data from high-rise properties that FirstService Residential currently manages in some of the biggest cities across the United States and Canada. It looks at their 2024 budgets, grouping expenses into six main categories: administrative expenses, insurance, utilities, operations, reserve transfers, and master assessments. It gives board members a guide on how other high-rise residential associations are planning for key expenses.

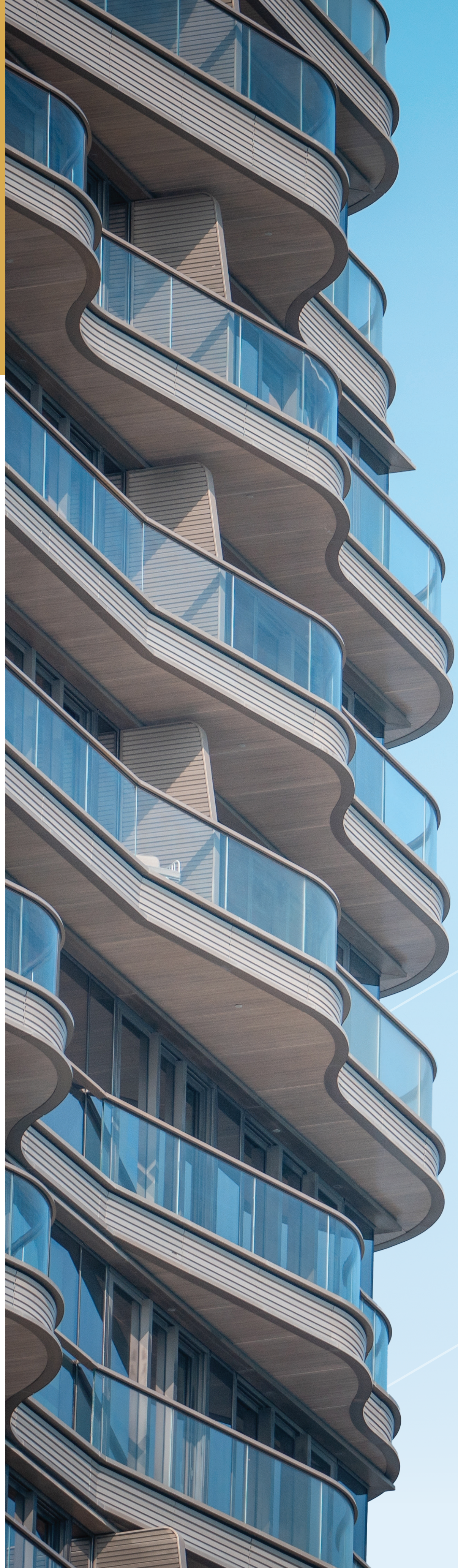
This report is not intended to set a standard for the industry or determine the ideal operating ratio. We understand that every community association is unique, despite similarities in square footage sales price, construction type, geography, or operational structure. The lists mentioned in this guide are not meant to be exhaustive but may be used to help the board in evaluating their objectives.

How to use this guide for your association

Property managers and boards of directors can benefit from this guide by comparing their association's expenses to the statistics provided in it.

Follow the steps below.

1. Gather your building's data. Make a note of each of the following points:
   - A Number of units — How many residential units does your building have?
   - B Livable square footage — What is the total amount of livable square footage in the association?
2. Organize your budget expenses to align with the expense guides.
   - A Depending on the market, you will see 5 to 6 major expense categories.
   - B Place specific expenses in the most appropriate category based on the Definitions section.
3. Once your expenses are organized, divide each line item by the following two data points captured:
   - A The number of units
   - B Livable square footage
4. Compare your association to the relevant expense guide.
5. Discuss and ask questions:
   - A Why do the association's expenses differ from what the guide shows?
   - B What areas of opportunity do we have for better service or savings?
   - C Which areas are we perhaps not funding properly?



Definitions

Administrative: All expenses that are necessary to keep the association management office running. This includes office rent, accounting fees, legal fees, licenses, permits and taxes, office equipment and supplies, bank or loan fees, professional fees, events, and other miscellaneous expenses such as petty cash.

Cable TV, internet and telephone: Expenses related to building technology in use by the residents. These may include bulk agreements, access agreements, and marketing agreements between the association and the local telecom or bulk cable TV provider.

Contingency: Any funds set aside for unforeseen circumstances.

Electrical, lighting, and plumbing: Expenses related to electrical, lighting, or plumbing work, including solar lighting, streetlight purchase and repair, plumbing, and other repairs and maintenance.

Equipment/mechanical systems: Expenses related to the heavy capital equipment or the mechanical systems of the association, including expenses related to HVAC, fire alarm equipment, sprinklers, generators, vehicles, chillers, boilers, laundry equipment, furniture, water heaters, kitchen equipment, and treatment of the cooling towers.

Elevator: Expenses related to the contract or repair and maintenance of the elevators in a community — both the monthly expenses and one-time expenses for maintenance, entrapments, repairs, and updates.

Grounds and infrastructure: Expenses related to the infrastructure of the building or community, its grounds, and other capital repairs excluded from the other categories. This includes expenses related to pressure cleaning, rust prevention, paving, building renovation, vandalism repair, beach erosion, lake maintenance, doors and windows, carpet cleaning, locks, concrete repair, dock or marina, mold prevention, water mitigation, conduits, and awnings.

High-rise: A community association in building(s) having seven or more stories.

Insurance: All insurance-related expenses, including property and liability, flood, and other insurance. This category also includes directors' and officers', umbrella, multi-peril, windstorm, commercial auto, fidelity bond, fuel tank, fire, pool, fidelity, and glass insurance, to name a few.

Landscaping and pest control: Expenses related to landscaping and pest control, including irrigation, fertilizer, tree trimming, stump removal, interior plants, and rodent removal.

Master Assessments: Funds that a community association with a master association sets aside to transfer and pay for its portion of the master expenses. Some master associations require residents to pay master association assessments directly; those expenses are not being considered in this category. The only ones included are the master association assessments that an association budgets for and pays out of its account for the master assessments.

MRO and janitorial supplies: Supplies related to janitorial service or maintenance repair and building operations, including custodial supplies, tools, hardware, radios, safety equipment, cleaning chemicals, air compressors, and wet/dry vacuums.

Number of units: Individual residential units as defined by the association's documents. If an owner combines two units, we treat them as individual units for budget analysis purposes. Commercial units, cabana units, and other miscellaneous units may be counted if they individually contribute to the association's income.

Operations: Expenses related to the community association's operations, contracts, and repair and maintenance. This includes salaries, valet, security, cable TV, internet, elevator, landscaping, pest control, trash collection, mechanical equipment, grounds and infrastructure expenses, electrical, lighting and plumbing, paint, pool, maintenance repair operations (MRO), janitorial supplies, special projects, contingency, and other expenses.

Operations — Other: Expenses that do not fit into the categories under "Operations" shall be included on this line. These may include restaurant subsidies, unbilled assessments, data processing services, and other miscellaneous operating expenses.

Painting and special projects: Expenses related to painting, including expenses for both interior and exterior painting, to both paint contractors and paint manufacturers. Anything from a touch-up to a complete envelope project is included. Special project expenses are those not budgeted for under any other line item; these can vary widely from flooring to furnishings to HVAC to lighting. They tend to be one-time expenses that take place every few years.

Pool, amenities, and recreation: Expenses related to a rec room, a fitness center, or another amenity that benefits the residents, including expenses related to athletic courts, exercise rooms, game rooms, satellite music, tennis courts, golf, beach towels, and juice bars. Also included are expenses related to pools or spas, including contracts, repairs and maintenance, supplies, and equipment.

Property Team: Expenses that relate to the on-site team and third-party providers. These can include expenses relating to attendants, in-house maintenance staff, manager and assistant manager services, janitorial, front desk, personal trainers, valet, security, and pool staff.

Reserve Transfers: Funds accounted for in the budget that are set aside in a reserve account to be used for future expenses.

Trash Collection: Expenses related to trash collection or recycling services, including expenses for compactors, trash can replacements, trash equipment leases, and trash chute service.

Utilities: All expenses that relate to electricity, water, gas or other types of fuel, and telephone lines not for use by residents (these can include office lines, elevator, and fire alarm lines).

Utilities — Electricity: Expenses that relate to electricity in the property. These are the bills paid to the major electricity providers.

Utilities — Gas/fuel oil: Expenses that relate to gas or fuel oil, natural gas, diesel, and generator fuel.

Utilities — Telephone: Expenses that relate to a communication line used by the association or an employee of the association. Expenses may include telephone lines, fire alarm lines, elevator phone lines, cell phones used by the maintenance staff, and other guardhouse or front desk lines.

Utilities — water and sewer: Any water and sewer expenses the association pays. These are usually paid to the local municipality that provides water to the association.

EXPENSE GUIDES

Retrofit, renovate, renew: powering Atlanta's condo future

Atlanta's condo market, from historic mid-century buildings to new luxury high-rises, is experiencing a surge in costs. Operating expenses have increased by an average of 6.5% over the past year, driven largely by wages and insurance costs.

Older condos require substantial investments to modernize outdated systems, including heating, plumbing, and electrical upgrades. These necessary renovations are costly but essential for maintaining building standards.

Regulatory pressures are also on the rise. Atlanta's Green Building Ordinance and other sustainability initiatives mandate significant energy efficiency upgrades, adding to financial burdens.

Looking ahead to 2025, many properties could face even steeper cost increases, potentially nearing 10%. Contributing factors include anticipated hikes in wages, insurance costs, and utilities. The water main breaks earlier in 2024 exposed the deterioration of infrastructure, leading to anticipated higher capital expenses that may be passed on to condo owners through increased taxes or rate hikes.

Proactive financial planning will be crucial for Atlanta condo boards to manage these escalating costs effectively.

2024 operating expenses by property size

	Buildings with <100 units		Buildings with >100 units	
	Per sq. ft.	Per unit	Per sq. ft.	Per unit
Administrative	$0.65	$1,414	$0.39	$707
Insurance	$0.44	$965	$0.34	$608
Master Assessments	$2.47	$9,603	$2.78	$4,929
Utilities	$1.13	$2,428	$1.04	$1,875
Operations	$4.51	$10,093	$2.78	$4,863
Reserves	$1.24	$2,699	$0.81	$1,464
Total	**$10.45**	**$27,202**	**$8.15**	**$14,446**

Sample: 35 buildings 7+ stories high in the Atlanta area. Median number of units: 100.

Average expenses in high-rise residential associations in 2024

		Per square foot				Per unit			
Expense Categories	% of budget	Average per sq. ft.	25% quartile	Median	75% quartile	Average per unit	25% quartile	Median	75% quartile
Total Administrative	**5%**	**$0.47**	**$0.17**	**$0.34**	**$0.65**	**$889**	**$343**	**$587**	**$1,465**
Total Property and Liability Insurance	**4%**	**$0.37**	**$0.27**	**$0.41**	**$0.57**	**$699**	**$477**	**$729**	**$1,107**
Total Master Assessments	**31%**	**$2.73**	**$1.72**	**$2.97**	**$5.15**	**$5,281**	**$4,441**	**$5,196**	**$8,772**
Total Operations	**37%**	**$3.26**	**$1.99**	**$2.94**	**$4.43**	**$6,124**	**$3,484**	**$5,598**	**$8,565**
Cable TV, internet, and telephone		$0.10	$0.02	$0.05	$0.11	$196	$46	$71	$264
Contingency		$0.07	$0.04	$0.08	$0.11	$122	$75	$150	$238
Electrical, lighting, and plumbing		$0.27	$0.01	$0.02	$0.26	$470	$31	$48	$409
Elevator		$0.09	$0.06	$0.09	$0.16	$176	$94	$178	$350
Equipment/mechanical systems		$0.10	$0.05	$0.08	$0.14	$179	$116	$180	$294
Grounds and infrastructure		$0.03	$0.01	$0.03	$0.08	$65	$37	$60	$98
Landscaping and pest control		$0.19	$0.06	$0.12	$0.20	$364	$163	$223	$358
MRO and janitorial supplies		$0.42	$0.35	$0.46	$0.64	$791	$659	$872	$1,082
Other		$0.14	-	$0.02	$0.27	$246	$6	$53	$527
Painting and special projects		-	-	-	-	$4	$3	$5	$7
Pool, amenities, and recreation		$0.09	$0.01	$0.03	$0.06	$168	$25	$44	$113
Property team		$1.69	$1.31	$1.87	$2.28	$3,194	$2,104	$3,569	$4,601
Trash collection		$0.08	$0.05	$0.09	$0.12	$149	$125	$145	$224
Reserves	**11%**	**$0.94**	**$0.72**	**$0.99**	**$1.40**	**$1,780**	**$1,374**	**$1,718**	**$2,485**
Total Utilities	**12%**	**$1.07**	**$0.53**	**$1.03**	**$1.53**	**$2,017**	**$1,203**	**$1,606**	**$2,848**
Electricity		$0.52	$0.22	$0.48	$0.77	$984	$498	$621	$1,517
Gas/fuel oil		$0.11	$0.02	$0.13	$0.20	$203	$59	$299	$326
Water and sewer		$0.44	$0.29	$0.41	$0.56	$830	$645	$686	$1,004
	ANNUAL	**$8.84**	**$5.40**	**$8.67**	**$13.73**	**$16,790**	**$11,321**	**$15,434**	**$25,242**
	MONTHLY	**$0.74**	**$0.45**	**$0.72**	**$1.14**	**$1,399**	**$943**	**$1,286**	**$2,103**

The data presented contains averages from a sample of properties managed by FirstService Residential and does not represent industry standards or ideal ratios. Every community association is unique, and this guide is not exhaustive but may be used as a tool to assist boards in their community evaluations.

From rising insurance to BERDO, Boston boards face a skyline squeeze

From 2023 to 2024, Boston's high-rise condominiums saw an average 4.5% rise in costs, driven by a combination of economic trends and local regulatory changes.

One major factor is the surge in property and liability insurance prices. Even buildings with clean histories are experiencing higher premiums or non-renewals, forcing boards to increase fees or use reserves to cover the difference.

Other factors include rising energy costs, higher labor wages, and compliance with Boston's Building Energy Reporting and Disclosure Ordinance (BERDO), which requires large buildings to report and reduce greenhouse gas emissions.

Boards are responding to these challenges by increasing reserve contributions, exploring cost-saving measures, and phasing in necessary fee increases. While implementing these measures, it's key to communicate clearly with residents about the reasons and strategies behind these decisions.

Boston's skyline reflects the city's resilience and vibrancy. High-rise communities can adapt to these new financial realities while maintaining the quality-of-life residents expect.

2024 operating expenses by property size

	Buildings with <120 units		Buildings with >120 units	
	Per sq. ft.	Per unit	Per sq. ft.	Per unit
Administrative	$1.63	$2,797	$1.11	$1,762
Insurance	$0.84	$1,438	$0.60	$944
Utilities	$2.08	$3,566	$1.30	$2,128
Operations	$5.21	$9,116	$3.14	$5,156
Reserves	$1.40	$2,407	$1.78	$2,815
Total	**$11.15**	**$19,324**	**$7.94**	**$12,806**

Sample: 13 buildings 7+ stories high in the Boston area. Median number of units: 120.

Boston, MA

Average expenses in high-rise residential associations in 2024

		Per square foot				Per unit			
Expense Categories	% of budget	Average per sq. ft.	25% quartile	Median	75% quartile	Average per unit	25% quartile	Median	75% quartile
Total Administrative	**14%**	**$1.31**	**$0.41**	**$1.07**	**$2.19**	**$2,131**	**$603**	**$1,216**	**$2,689**
Total Property and Liability Insurance	**7%**	**$0.69**	**$0.51**	**$0.99**	**$1.32**	**$1,121**	**$893**	**$1,145**	**$1,379**
Total Operations	**43%**	**$4.02**	**$2.54**	**$3.72**	**$5.90**	**$6,744**	**$4,064**	**$5,635**	**$9,408**
Cable TV, internet, and telephone		$0.05	$0.04	$0.04	$0.06	$68	$42	$56	$103
Contingency		$0.15	$0.15	$0.15	$0.15	$254	$254	$254	$254
Electrical, lighting, and plumbing		$0.03	$0.03	$0.03	$0.03	$34	$34	$34	$34
Elevator		$0.12	$0.10	$0.13	$0.17	$193	$122	$149	$228
Equipment/mechanical systems		$0.37	$0.19	$0.29	$0.39	$603	$183	$430	$956
Grounds and infrastructure		$0.09	$0.04	$0.09	$0.16	$139	$50	$151	$247
Landscaping and pest control		$0.18	$0.08	$0.18	$0.42	$300	$194	$294	$419
MRO and janitorial supplies		$0.73	$0.66	$0.77	$1.04	$1,190	$862	$942	$1,207
Other		$0.16	$0.04	$0.08	$0.21	$273	$53	$137	$392
Painting and special projects		$0.03	$0.01	$0.02	$0.04	$46	$22	$33	$53
Pool, amenities, and recreation		$0.21	$0.05	$0.09	$0.19	$385	$72	$178	$260
Property team		$1.80	$1.11	$1.71	$2.87	$3,077	$2,063	$2,802	$4,966
Trash collection		$0.10	$0.05	$0.15	$0.16	$182	$112	$174	$290
Reserves	**18%**	**$1.64**	**$1.19**	**$1.34**	**$1.90**	**$2,670**	**$1,215**	**$2,499**	**$3,185**
Total Utilities	**17%**	**$1.60**	**$0.89**	**$1.62**	**$2.48**	**$2,659**	**$1,425**	**$2,328**	**$3,714**
Electricity		$0.61	$0.35	$0.58	$0.85	$994	$549	$763	$1,409
Gas/fuel oil		$0.49	$0.19	$0.45	$0.71	$859	$162	$741	$1,311
Water and sewer		$0.49	$0.35	$0.59	$0.91	$807	$714	$824	$994
	ANNUAL	**$9.25**	**$5.54**	**$8.74**	**$13.79**	**$15,325**	**$8,200**	**$12,823**	**$20,375**
	MONTHLY	**$0.77**	**$0.46**	**$0.73**	**$1.15**	**$1,277**	**$683**	**$1,069**	**$1,698**

The data presented contains averages from a sample of properties managed by FirstService Residential and does not represent industry standards or ideal ratios. Every community association is unique, and this guide is not exhaustive but may be used as a tool to assist boards in their community evaluations.

Balancing costs amid Windy City pressures

Chicago's high-rise residential landscape is a study of contrasts in a market that includes full-service luxury towers as well as amenitized buildings with leaner teams. Regardless of the levels of service and staffing in different buildings, board members face similar challenges that create a complex financial landscape to navigate.

From 2023 to 2024, associations in the Windy City faced 3% to 5% cost increases, driven primarily by soaring insurance premiums and labor expense pressure, especially for properties with higher staffing levels, both union and non-union. The region's intense weather events, from extended heat waves to polar vortexes, have also driven up insurance costs as claims related to property damage continue to rise.

Beyond insurance, Chicago's high-rise communities are grappling with a range of budgetary pressures. Spiking utility bills for heating, cooling, and electricity are squeezing margins while aging utility supplier infrastructure requires catch-up repairs and replacements. To keep pace with continuing inflation, boards are also boosting contributions to reserve and replacement funds, further stretching resources.

In response to these challenges, the boards of Chicago's skyscrapers are demonstrating adaptability and a knack for innovation. They're exploring energy-efficient retrofits, leveraging group purchasing power, and optimizing staffing models. By embracing proactive planning and transparent communication, these vertical neighborhoods are charting a course toward long-term financial sustainability.

2024 operating expenses by property size

	Buildings with <200 units		Buildings with >200 units	
	Per sq. ft.	Per unit	Per sq. ft.	Per unit
Administrative	$5.06	$9,320	$2.15	$3,747
Insurance	$0.38	$695	$0.31	$542
Utilities	$1.49	$2,677	$0.94	$1,666
Operations	$5.15	$9,277	$3.28	$5,801
Reserves	$2.30	$4,170	$1.10	$1,959
Total	**$14.38**	**$26,139**	**$7.77**	**$13,714**

Sample: 50 buildings 7+ stories high in Chicago. Median number of units: 200.

Chicago, IL

Average expenses in high-rise residential associations in 2024

		Per square foot				Per unit			
Expense Categories	% of budget	Average per SF	25% quartile	Median	75% quartile	Average per unit	25% quartile	Median	75% quartile
Total Administrative	32%	**$3.15**	**$1.10**	**$2.73**	**$6.19**	**$5,599**	**$2,220**	**$4,659**	**$6,432**
Total Property and Liability Insurance	4%	**$0.33**	**$0.23**	**$0.34**	**$0.51**	**$593**	**$351**	**$542**	**$863**
Total Operations	39%	**$3.90**	**$1.85**	**$3.45**	**$5.81**	**$6,947**	**$3,044**	**$5,972**	**$11,811**
Cable TV, internet, and telephone		$0.42	$0.27	$0.50	$0.75	$752	$663	$904	$1,091
Contingency		$0.06	$0.03	$0.05	$0.11	$90	$33	$73	$181
Electrical, lighting, and plumbing		$0.05	$0.01	$0.04	$0.08	$90	$13	$70	$156
Elevator		$0.12	$0.09	$0.11	$0.17	$216	$95	$216	$349
Equipment/mechanical systems		$0.40	$0.15	$0.30	$0.41	$711	$310	$483	$884
Grounds and infrastructure		$0.47	$0.21	$0.40	$0.55	$838	$330	$522	$1,185
Landscaping and pest control		$0.06	$0.02	$0.05	$0.08	$114	$35	$72	$154
MRO and janitorial supplies		$0.48	$0.20	$0.39	$0.61	$852	$348	$760	$1,498
Other		$0.77	$0.28	$0.67	$1.11	$1,378	$393	$1,133	$2,793
Painting and special projects		$0.05	$0.01	$0.02	$0.08	$98	$13	$38	$104
Pool, amenities, and recreation		$0.06	$0.01	$0.03	$0.05	$111	$15	$41	$122
Property team		$0.94	$0.58	$0.89	$1.81	$1,687	$792	$1,652	$3,281
Trash collection		$0.01	-	$0.01	$0.01	$10	$3	$8	$14
Reserves	15%	**$1.51**	**$0.55**	**$1.21**	**$2.17**	**$2,688**	**$919**	**$1,854**	**$3,659**
Total Utilities	11%	**$1.12**	**$0.81**	**$1.27**	**$1.82**	**$1,998**	**$1,385**	**$2,007**	**$2,771**
Electricity		$0.43	$0.34	$0.48	$0.67	$776	$554	$703	$1,064
Gas/fuel oil		$0.39	$0.27	$0.48	$0.73	$699	$499	$835	$1,068
Water and sewer		$0.29	$0.20	$0.32	$0.42	$523	$332	$468	$639
	ANNUAL	**$10.01**	**$4.54**	**$9.00**	**$16.51**	**$17,825**	**$7,919**	**$15,034**	**$25,535**
	MONTHLY	**$0.83**	**$0.38**	**$0.75**	**$1.38**	**$1,485**	**$660**	**$1,253**	**$2,128**

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Maverick maneuvers: guiding Dallas' communities to new heights

The Dallas-Fort Worth metroplex is home to a diverse portfolio of high-rise residential buildings, each presenting unique challenges for board members tasked with maintaining and managing these communities. One of the primary hurdles is the volatile nature of the local real estate market, which has seen an average increase of nearly 11% in operating costs between 2022 to 2023 and 2023 to 2024.

While industry experts anticipate a leveling off and a drop to around 6% in operating costs for 2024 to 2025, the impact of these fluctuations on budgets cannot be overlooked. Moreover, the insurance market has been a significant strain, with premium increases ranging from 17% to 20% on the low end to over 100% on the high end.

Many buildings have had to evolve their compensation strategies to retain staff to address these financial pressures. Board members continuously strive to strike a balance between managing escalating expenses while upholding the standard of service and facilities residents expect.

The diverse nature of the high-rise portfolio in the region, with buildings offering varying levels of service and amenities, highlights the importance of careful oversight and decision-making. Board members must carefully assess each property's unique needs and allocate resources effectively to maintain the overall integrity of the community association.

2024 operating expenses by property size

	Buildings with <100 units		Buildings with >100 units	
	Per sq. ft.	Per unit	Per sq. ft.	Per unit
Administrative	$2.39	$6,826.14	$3.16	$4,880.56
Insurance	$0.57	$1,619.93	$0.74	$1,135.43
Utilities	$0.93	$2,639.29	$1.10	$1,716.83
Operations	$6.45	$18,322.60	$5.47	$8,464.85
Reserves	$2.18	$6,030.45	$1.42	$2,188.85
Total	**$12.52**	**$35,438**	**$11.89**	**$18,387**

Sample: 20 buildings 7+ stories high in the Dallas/Fort Worth area. Median number of units: 100.

Dallas/Ft. Worth, TX

Average expenses in high-rise residential associations in 2024

		Per square foot				Per unit			
Expense Categories	% of budget	Average per sq. ft.	25% quartile	Median	75% quartile	Average per unit	25% quartile	Median	75% quartile
Total Administrative	**23%**	**$2.84**	**$1.98**	**$2.43**	**$3.45**	**$5,425**	**$4,294**	**$5,965**	**$7,732**
Total Property and Liability Insurance	**6%**	**$0.67**	**$0.37**	**$0.65**	**$0.83**	**$1,271**	**$758**	**$1,434**	**$2,111**
Total Operations	**49%**	**$5.89**	**$3.04**	**$4.33**	**$7.09**	**$11,261**	**$6,217**	**$10,857**	**$17,848**
Cable TV, internet, and telephone		$0.25	$0.08	$0.25	$0.41	$459	$250	$397	$702
Electrical, lighting, and plumbing		$0.05	$0.02	$0.04	$0.07	$102	$40	$79	$197
Equipment/mechanical systems		$0.04	$0.01	$0.01	$0.02	$80	$13	$18	$37
Grounds and infrastructure		$0.19	$0.10	$0.21	$0.28	$371	$159	$419	$782
Landscaping and pest control		$0.38	$0.06	$0.10	$0.55	$729	$97	$362	$482
MRO and janitorial supplies		$0.31	$0.14	$0.21	$0.34	$593	$273	$434	$854
Other		$0.65	$0.05	$0.11	$0.32	$1,242	$109	$176	$1,016
Painting and special projects		$0.19	$0.07	$0.13	$0.26	$359	$155	$328	$540
Pool, amenities, and recreation		$0.61	$0.32	$0.49	$0.96	$1,168	$649	$1,287	$2,620
Property team		$3.15	$2.17	$2.73	$3.76	$6,019	$4,425	$7,236	$10,340
Trash collection		$0.06	$0.02	$0.06	$0.12	$137	$48	$121	$278
Reserves	**14%**	**$1.72**	**$1.14**	**$1.33**	**$1.90**	**$3,205**	**$2,662**	**$3,378**	**$4,446**
Total Utilities	**9%**	**$1.05**	**$0.62**	**$0.91**	**$1.59**	**$2,067**	**$1,460**	**$2,361**	**$3,474**
Electricity		$0.80	$0.55	$0.75	$1.16	$1,537	$1,251	$1,899	$2,791
Gas/fuel oil		$0.20	$0.06	$0.14	$0.37	$367	$187	$424	$561
Water and sewer		$0.05	$0.01	$0.02	$0.06	$164	$22	$38	$122
	ANNUAL	**$12.16**	**$7.15**	**$9.65**	**$14.87**	**$23,230**	**$15,391**	**$23,994**	**$35,611**
	MONTHLY	**$1.01**	**$0.60**	**$0.80**	**$1.24**	**$1,936**	**$1,283**	**$2,000**	**$2,968**

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Insurance surge and new regulations challenge DC metro boards

High-rise residential communities in the DC metro area are grappling with a sharp rise in operational costs, up 6% from 2023 to 2024. At the epicenter of this financial challenge is the insurance market, where some associations in DC and surrounding areas are seeing premiums surge between 20% and 300%. Factors driving these dramatic increases include the unexpected volume of water damage claims, growing natural disaster risks, and rising litigation costs.

The construction sector is also squeezing budgets, with supply chain disruptions and soaring costs for sending high-demand materials. Therefore, our boards must carefully balance necessary renovations against budget constraints.

Energy costs continue their upward trajectory, compelling DC metro associations to explore sustainable alternatives as a long-term strategy. The tight labor market in the region adds further complexity as boards offer competitive wages to attract and retain staff.

Despite these ongoing pressures, DC metro's high-rise boards are demonstrating relentless resilience. They're forging untapped partnerships, exploring bulk purchasing, and implementing phased approaches. As new regulations emerge, like Maryland's reserve study mandate, boards are adopting proactive financial planning. Through innovative solutions and transparent communication, these communities are securing their financial strength and building resilience for the future.

2024 operating expenses by property size

	Buildings with <200 units		Buildings with >200 units	
	Per sq. ft.	Per unit	Per sq. ft.	Per unit
Administrative	$1.80	$2,174	$0.96	$1,752
Insurance	$0.60	$723	$0.32	$587
Master Assessments	$0.81	$874	$0.49	$2,475
Utilities	$1.92	$2,232	$1.00	$1,826
Operations	$5.00	$6,018	$2.30	$4,327
Reserves	$2.41	$2,879	$3.09	$5,622
Total	**$12.54**	**$14,901**	**$8.16**	**$16,589**

Sample: 50 buildings 7+ stories high in the DC metro area. Median number of units: 200.

DC Metro

Average expenses in high-rise residential associations in 2024

	Per square foot					Per unit			
Expense Categories	**% of budget**	**Average per sq. ft.**	**25% quartile**	**Median**	**75% quartile**	**Average per unit**	**25% quartile**	**Median**	**75% quartile**
Total Administrative	13%	$1.14	$0.38	$0.91	$2.11	$1,875	$571	$1,205	$2,330
Total Property and Liability Insurance	4%	$0.38	$0.31	$0.48	$0.70	$625	$381	$619	$1,046
Total Master Assessments	6%	$0.54	$0.41	$0.68	$1.04	$1,749	$1,012	$1,658	$2,123
Total Operations	32%	$2.88	$1.93	$3.27	$5.77	$4,908	$2,745	$4,270	$7,025
Cable TV, internet, and telephone		$0.03	$0.02	$0.04	$0.07	$49	$29	$50	$74
Contingency		$0.08	$0.08	$0.08	$0.08	$304	$304	$304	$304
Electrical, lighting, and plumbing		$0.03	$0.02	$0.06	$0.10	$79	$44	$61	$125
Elevator		$0.08	$0.07	$0.13	$0.19	$139	$97	$134	$248
Equipment/mechanical systems		$0.23	$0.15	$0.25	$0.47	$371	$207	$301	$671
Grounds and infrastructure		$0.12	$0.08	$0.14	$0.22	$206	$85	$193	$315
Landscaping and pest control		$0.10	$0.06	$0.13	$0.20	$156	$73	$153	$236
MRO and janitorial supplies		$0.49	$0.34	$0.87	$1.43	$798	$540	$1,020	$1,517
Other		$0.33	$0.06	$0.12	$0.39	$542	$67	$127	$652
Painting and special projects		$0.04	$0.01	$0.02	$0.07	$63	$12	$35	$91
Pool, amenities, and recreation		$0.14	$0.02	$0.05	$0.18	$205	$26	$70	$184
Property team		$1.13	$0.94	$1.27	$2.13	$1,856	$1,161	$1,673	$2,365
Trash collection		$0.09	$0.08	$0.12	$0.21	$141	$100	$149	$242
Reserves	32%	$2.95	$1.17	$2.27	$3.14	$4,829	$1,367	$2,707	$5,511
Total Utilities	13%	$1.19	$0.96	$1.44	$2.18	$1,947	$1,294	$1,763	$2,678
Electricity		$0.57	$0.49	$0.65	$1.08	$936	$649	$881	$1,337
Gas/fuel oil		$0.17	$0.13	$0.22	$0.36	$285	$160	$236	$444
Water and sewer		$0.44	$0.35	$0.57	$0.74	$726	$485	$646	$897
	ANNUAL	$9.07	$5.16	$9.04	$14.94	$15,933	$7,369	$12,222	$20,713
	MONTHLY	$0.76	$0.43	$0.75	$1.25	$1,328	$614	$1,019	$1,726

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High stakes budgeting: tackling increases in Las Vegas and Reno

Board members of high-rise communities in Las Vegas and Reno are navigating a nearly 7% increase in expenses from 2023 to 2024. In both markets, rising insurance costs are a significant factor driving up budgets. The hardening insurance market has led to steep increases in premiums for all properties.

In both Vegas and Reno, labor costs are surging due to inflationary pressures, affecting both internal staff and third-party service providers. An added burden comes from construction defect costs; the awards for these defects have not kept pace with inflation, leaving associations to cover the shortfall. Compounding these issues is the "catch-up cost" resulting from years of inadequate assessment increases, which now require significant adjustments.

Homeowner associations in Nevada have been regulated for many years, including requirements for the proper funding of reserves — which in 2024 correspond to 14% of the annual budget.

Board members must manage rising expenses with caution, striking a balance between immediate requirements and sustained fiscal stability to make certain their communities prosper.

2024 operating expenses by property size

	Buildings with <200 units		Buildings with >200 units	
	Per sq. ft.	Per unit	Per sq. ft.	Per unit
Administrative	$1.73	$4,393	$2.80	$5,234
Insurance	$1.22	$2,193	$0.54	$1,003
Utilities	$1.01	$2,581	$1.17	$2,181
Operations	$1.97	$6,137	$1.69	$3,251
Reserves	$0.10	$428	-	-
Total	**$6.04**	**$15,731**	**$6.20**	**$11,669**

Sample: 15 buildings 7+ stories high in Las Vegas and Reno. Median number of units: 200.

Las Vegas/Reno, NV

Average expenses in high-rise residential associations in 2024

	Per square foot					Per unit			
Expense Categories	**% of budget**	**Average per sq. ft.**	**25% quartile**	**Median**	**75% quartile**	**Average per unit**	**25% quartile**	**Median**	**75% quartile**
Total Administrative	35%	**$2.32**	**$1.88**	**$2.29**	**$2.90**	**$4,919**	**$3,722**	**$4,837**	**$5,628**
Total Insurance	20%	**$1.26**	**$1.18**	**$1.25**	**$1.61**	**$2,084**	**$1,698**	**$1,824**	**$2,307**
Flood		**$0.76**	**$0.76**	**$0.76**	**$0.76**	**$1,016**	**$1,016**	**$1,016**	**$1,016**
Property and liability		**$0.50**	**$0.42**	**$0.48**	**$0.85**	**$1,068**	**$682**	**$808**	**$1,291**
Total Operations	27%	**$1.74**	**$1.07**	**$1.47**	**$2.41**	**$3,954**	**$1,817**	**$2,648**	**$3,992**
Cable TV, internet, and telephone		$0.23	$0.04	$0.08	$0.34	$498	$98	$200	$632
Contingency		$0.04	$0.03	$0.04	$0.09	$96	$44	$95	$282
Electrical, lighting, and plumbing		$0.02	$0.01	$0.01	$0.01	$48	$9	$18	$53
Elevator		$0.10	$0.08	$0.11	$0.13	$214	$154	$172	$192
Equipment/mechanical systems		$0.12	$0.08	$0.12	$0.21	$252	$108	$206	$304
Grounds and infrastructure		$0.10	$0.07	$0.08	$0.12	$214	$98	$124	$205
Landscaping and pest control		$0.05	$0.02	$0.04	$0.05	$157	$60	$117	$236
MRO and janitorial supplies		$0.38	$0.31	$0.37	$0.44	$816	$471	$554	$649
Other		$0.02	$0.01	$0.02	$0.03	$36	$15	$28	$64
Painting and special projects		$0.08	$0.01	$0.03	$0.04	$135	$12	$46	$88
Pool, amenities, and recreation		$0.04	$0.02	$0.04	$0.05	$78	$27	$67	$96
Property team		$0.47	$0.31	$0.43	$0.72	$1,213	$559	$815	$938
Trash collection		$0.09	$0.08	$0.10	$0.17	$197	$162	$206	$253
Reserves	1%	**$0.07**	**-**	**$0.01**	**$0.16**	**$253**	**$9**	**$20**	**$242**
Total Utilities	17%	**$1.10**	**$0.74**	**$1.06**	**$1.72**	**$2,330**	**$1,366**	**$1,958**	**$2,590**
Electricity		$0.75	$0.47	$0.68	$1.17	$1,582	$846	$1,253	$1,660
Gas/fuel oil		$0.13	$0.06	$0.15	$0.19	$274	$159	$215	$327
Water and sewer		$0.22	$0.21	$0.23	$0.36	$474	$361	$490	$603
	ANNUAL	**$6.48**	**$4.88**	**$6.07**	**$8.80**	**$13,540**	**$8,612**	**$11,288**	**$14,759**
	MONTHLY	**$0.54**	**$0.41**	**$0.51**	**$0.73**	**$1,128**	**$718**	**$941**	**$1,230**

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Distinct markets, similar challenges: budgeting for California's high-rise communities

Board members overseeing budgets for their associations need to consider current trends, especially in dynamic markets such as San Diego, Los Angeles, and San Francisco. Though these markets are notably distinct with properties representing a wide range of service levels and experiences for residents, they are all facing similar challenges concerning high-rise properties within their area.

Skyrocketing insurance costs due to the shrinking pool of available carriers insuring high-rise buildings have driven premiums up and led to substantial increases in water intrusion deductibles — reaching as high as $100,000 per occurrence in some cases. Labor costs and high turnover impact associations competing to ensure staff continuity in higher cost-of-living areas. Additionally, utility expenses are rising, compounded by the difficulty in managing excessive usage within individual units. Furthermore, reserve studies, critical for long-term planning, are not keeping pace with escalating replacement costs.

Deferred maintenance is also a pressing issue. Years of postponing essential repairs have led to more complex and costly projects, forcing many boards to either levy special assessments or secure loans to address the mounting needs.

Board members must carefully navigate these local factors to balance immediate needs with long-term goals, ensuring both the financial health of the community and resident satisfaction.

2024 operating expenses by property size

	Buildings with <200 units		Buildings with >200 units	
	Per sq. ft.	Per unit	Per sq. ft.	Per unit
Administrative	$0.58	$983	$0.39	$690
Insurance	$0.65	$1,139	$0.56	$1,000
Utilities	$1.57	$2,589	$1.23	$1,857
Operations	$4.21	$7,282	$3.12	$5,649
Reserves	$2.06	$3,566	$3.31	$5,703
Total	**$9.06**	**$15,560**	**$8.63**	**$14,898**

Sample: 40 buildings 7+ stories high in Los Angeles, San Diego, and San Francisco. Median number of units: 200.

Los Angeles/San Francisco/ San Diego, CA

Average expenses in high-rise residential associations in 2024

	Per square foot					Per unit			
Expense Categories	% of budget	Average per sq. ft.	25% quartile	Median	75% quartile	Average per unit	25% quartile	Median	75% quartile
Total Administrative	**5%**	**$0.46**	**$0.23**	**$0.39**	**$0.68**	**$789**	**$427**	**$538**	**$976**
Total Property and Liability Insurance	**7%**	**$0.59**	**$0.32**	**$0.55**	**$0.77**	**$1,045**	**$405**	**$758**	**$1,424**
Total Operations	**40%**	**$3.50**	**$1.96**	**$3.58**	**$6.19**	**$6,200**	**$2,727**	**$5,519**	**$9,851**
Cable TV, internet, and telephone		$0.15	$0.05	$0.07	$0.32	$279	$57	$118	$475
Contingency		$0.15	$0.04	$0.11	$0.19	$230	$38	$152	$248
Electrical, lighting, and plumbing		$0.06	$0.01	$0.02	$0.08	$103	$10	$35	$83
Elevator		$0.10	$0.10	$0.14	$0.19	$181	$146	$182	$297
Equipment/mechanical systems		$0.19	$0.08	$0.15	$0.30	$317	$129	$235	$409
Grounds and infrastructure		$0.39	$0.28	$0.50	$0.80	$721	$467	$725	$1,139
Landscaping and pest control		$0.04	$0.02	$0.03	$0.05	$73	$30	$42	$91
MRO and janitorial supplies		$0.21	$0.06	$0.18	$0.30	$366	$107	$238	$544
Other		$0.17	$0.05	$0.11	$0.19	$283	$47	$158	$254
Painting and special projects		$0.01	-	$0.01	$0.04	$24	$1	$9	$64
Pool, amenities, and recreation		$0.11	$0.01	$0.04	$0.14	$171	$9	$41	$205
Property team		$1.90	$1.25	$2.21	$3.58	$3,437	$1,677	$3,566	$6,016
Trash collection		$0.01	$0.01	$0.01	$0.02	$15	$7	$18	$27
Reserves	**33%**	**$2.89**	**$1.35**	**$1.76**	**$2.57**	**$4,979**	**$1,760**	**$2,351**	**$4,338**
Total Utilities	**15%**	**$1.37**	**$0.98**	**$1.61**	**$2.17**	**$2,131**	**$1,286**	**$2,278**	**$3,250**
Electricity		$0.66	$0.53	$0.87	$1.08	$1,022	$604	$1,196	$1,647
Gas/fuel oil		$0.26	$0.18	$0.29	$0.45	$403	$261	$408	$634
Water and sewer		$0.45	$0.27	$0.45	$0.64	$705	$421	$674	$969
	ANNUAL	**$8.80**	**$4.84**	**$7.90**	**$12.39**	**$15,144**	**$6,604**	**$11,444**	**$19,838**
	MONTHLY	**$0.73**	**$0.40**	**$0.66**	**$1.03**	**$1,262**	**$550**	**$954**	**$1,653**

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Miami boards adjust to comply with new regulations

Board members leading Miami's high-rise buildings are experiencing significant financial strain due to rising costs on items directly impacting associations — which have increased an average of 20% from 2023 to 2024 — amid changing regulations.

A critical factor impacting high-rise association budgets is the state legislation that requires full funding of reserves for structural integrity components, such as structural work, roof, windows, electrical systems, parking garages, pool repairs and waterproofing, painting and waterproofing, plumbing, fire protection/ systems, and windows. This is a direct consequence of the partial building collapse in Surfside. Some older properties require costly repairs to comply with the new inspection requirements.

Insurance coverage has become more complex and expensive. Climbing property appraisals are impacting replacement values, which in turn, are driving higher insurance premiums. New green building codes mandated by local municipalities require major capital investments, augmented by higher costs for construction materials and staffing. Property values and taxes have skyrocketed, as developers pursue teardowns of older high-rises.

For high-rise board members, smart planning and professional guidance are key to controlling expenses and navigating these complex challenges. By partnering with experts who have high-rise experience, they can manage projects more efficiently and identify funding options to cover the required assessments.

2024 operating expenses by property size

	Buildings with <300 units		Buildings with >300 units	
	Per sq. ft.	Per unit	Per sq. ft.	Per unit
Administrative	$0.48	$669	$0.43	$507
Insurance	$3.10	$4,303	$2.76	$3,301
Master Assessments	$0.57	$1,108	$3.74	$4,022
Utilities	$1.60	$2,077	$1.43	$1,671
Operations	$5.83	$8,085	$4.71	$5,609
Reserves	$1.33	$1,872	$1.27	$1,524
Total	**$12.91**	**$18,114**	**$14.34**	**$16,633**

Sample: 122 buildings 7+ stories high in the Miami-Dade County. Median number of units: 300.

Average expenses in high-rise residential associations in 2024

	Per square foot					Per unit			
Expense Categories	% of budget	Average per sq. ft.	25% quartile	Median	75% quartile	Average per unit	25% quartile	Median	75% quartile
Total Administrative	**3%**	**$0.45**	**$0.22**	**$0.32**	**$0.63**	**$560**	**$279**	**$407**	**$758**
Total Insurance	**21%**	**$2.88**	**$2.51**	**$2.96**	**$4.00**	**$3,621**	**$2,835**	**$3,859**	**$5,517**
Flood		**$0.12**	**$0.09**	**$0.12**	**$0.15**	**$154**	**$111**	**$154**	**$176**
Property and liability		**$2.76**	**$2.42**	**$2.84**	**$3.85**	**$3,467**	**$2,723**	**$3,704**	**$5,341**
Total Master Assessments	**18%**	**$2.57**	**$0.38**	**$1.36**	**$3.78**	**$3,308**	**$539**	**$1,383**	**$4,155**
Total Operations	**37%**	**$5.09**	**$2.80**	**$4.65**	**$7.78**	**$6,365**	**$3,712**	**$6,449**	**$9,230**
Cable TV, internet, and telephone		$0.52	$0.04	$0.53	$0.81	$649	$49	$770	$1,021
Contingency		$0.09	$0.04	$0.07	$0.11	$105	$47	$81	$165
Electrical, lighting, and plumbing		$0.07	$0.01	$0.01	$0.03	$83	$8	$11	$41
Elevator		$0.15	$0.09	$0.13	$0.21	$179	$113	$155	$267
Equipment/mechanical systems		$0.16	$0.10	$0.14	$0.23	$195	$122	$189	$276
Grounds and infrastructure		$0.04	$0.02	$0.04	$0.07	$55	$33	$51	$98
Landscaping and pest control		$0.10	$0.04	$0.11	$0.15	$121	$43	$135	$204
MRO and janitorial supplies		$0.56	$0.29	$0.53	$0.83	$707	$354	$616	$1,024
Other		$0.04	-	$0.01	$0.03	$54	$4	$14	$32
Painting and special projects		$0.12	$0.01	$0.06	$0.27	$139	$13	$67	$317
Pool, amenities, and recreation		$0.12	$0.03	$0.05	$0.07	$146	$42	$70	$123
Property team		$2.97	$2.01	$2.82	$4.75	$3,731	$2,743	$4,106	$5,388
Trash collection		$0.16	$0.11	$0.15	$0.22	$201	$141	$186	$275
Reserves	**9%**	**$1.29**	**$0.80**	**$1.15**	**$1.77**	**$1,636**	**$981**	**$1,563**	**$2,316**
Total Utilities	**11%**	**$1.49**	**$0.91**	**$1.47**	**$2.11**	**$1,800**	**$1,218**	**$1,811**	**$2,369**
Electricity		$0.68	$0.50	$0.65	$0.92	$817	$600	$788	$1,067
Gas/fuel oil		$0.09	$0.03	$0.10	$0.12	$112	$47	$101	$184
Water and sewer		$0.71	$0.38	$0.72	$1.06	$870	$571	$922	$1,118
	ANNUAL	**$13.76**	**$7.61**	**$11.91**	**$20.08**	**$17,289**	**$9,562**	**$15,472**	**$24,346**
	MONTHLY	**$1.15**	**$0.63**	**$0.99**	**$1.67**	**$1,441**	**$797**	**$1,289**	**$2,029**

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Nashville rising as a high-end urban market; costs rising as well

Nashville's skyline is attracting new residents who seek a cosmopolitan lifestyle, and its residential buildings are enhancing their amenities and services to meet the needs of an increasingly demanding resident base. This requires boards to balance resident expectations amidst a challenging financial landscape. Between 2023 and 2024, operating expenses in high-rise associations increased by about 5.5%, due to a combination of factors.

Labor costs are at the forefront of this budgetary challenge. The tight job market and growing demand for skilled building staff in the area have required boards to review wages to stay competitive and retain talent, further stretching their resources.

Insurance premiums have also become a significant burden, with several carriers exiting the local market, mirroring the trends seen in Florida. While not quite as severe, these cost hikes are nonetheless impactful, compounding the financial pressures facing Nashville's vertical neighborhoods.

Utility expenses have also taken an upward turn, as the city's rapid growth strains infrastructure and drives up demand. That's why savvy boards are exploring energy-efficient upgrades and innovative conservation strategies to combat these rising costs.

2024 operating expenses by property size

	Buildings with <200 units		Buildings with >200 units	
	Per sq. ft.	Per unit	Per sq. ft.	Per unit
Administrative	$0.59	$832	$1.27	$1,373
Insurance	$0.38	$534	$0.56	$606
Master Assessments	-	-	$4.06	$4,373
Utilities	$1.43	$2,004	$2.22	$2,389
Operations	$4.65	$6,534	$5.23	$5,661
Reserves	$1.76	$2,470	$1.42	$1,529
Total	**$8.81**	**$12,374**	**$14.77**	**$15,931**

Sample: 6 buildings 7+ stories high in Nashville. Median number of units: 200.

Average expenses in high-rise residential associations in 2024

		Per square foot				Per unit			
Expense Categories	% of budget	Average per sq. ft.	25% quartile	Median	75% quartile	Average per unit	25% quartile	Median	75% quartile
Total Administrative	**7%**	**$0.99**	**$0.67**	**$0.87**	**$1.14**	**$1,179**	**$939**	**$1,088**	**$1,140**
Total Property and Liability Insurance	**4%**	**$0.49**	**$0.23**	**$0.38**	**$0.48**	**$580**	**$338**	**$403**	**$632**
Total Master Assessments	**29%**	**$4.06**	**$1.32**	**$1.88**	**$7.08**	**$4,373**	**$1,451**	**$1,804**	**$6,688**
Total Operations	**37%**	**$5.14**	**$3.22**	**$5.10**	**$7.07**	**$6,233**	**$3,991**	**$6,563**	**$8,242**
Cable TV, internet, and telephone		$0.39	$0.06	$0.41	$0.76	$552	$93	$478	$910
Electrical, lighting, and plumbing		$0.02	$0.01	$0.03	$0.03	$22	$14	$26	$27
Elevator		$0.10	$0.06	$0.10	$0.13	$116	$97	$128	$160
Equipment/mechanical systems		$0.19	$0.14	$0.18	$0.27	$222	$167	$225	$294
Grounds and infrastructure		$0.23	-	$0.02	$0.08	$279	$2	$26	$109
Landscaping and pest control		$0.20	$0.09	$0.17	$0.31	$238	$104	$243	$309
MRO and janitorial supplies		$0.74	$0.47	$0.82	$1.08	$880	$555	$1,092	$1,265
Other		$0.05	$0.03	$0.04	$0.06	$66	$36	$57	$79
Painting and special projects		-	-	-	-	$4	$4	$4	$4
Pool, amenities, and recreation		$0.10	$0.07	$0.08	$0.11	$125	$93	$94	$150
Property team		$3.02	$2.23	$3.17	$4.12	$3,610	$2,756	$4,093	$4,782
Trash collection		$0.10	$0.05	$0.07	$0.14	$118	$69	$97	$152
Reserves	**11%**	**$1.56**	**$1.33**	**$1.50**	**$1.62**	**$1,867**	**$1,496**	**$1,734**	**$2,148**
Total Utilities	**13%**	**$1.88**	**$1.33**	**$1.91**	**$2.46**	**$2,251**	**$1,686**	**$2,131**	**$2,728**
Electricity		$1.17	$0.88	$1.32	$1.54	$1,394	$1,141	$1,433	$1,640
Gas/fuel oil		$0.19	$0.10	$0.16	$0.32	$226	$116	$149	$368
Water and sewer		$0.53	$0.36	$0.43	$0.61	$631	$429	$549	$720
	ANNUAL	**$14.12**	**$8.10**	**$11.64**	**$19.85**	**$16,483**	**$9,901**	**$13,723**	**$21,577**
	MONTHLY	**$1.18**	**$0.68**	**$0.97**	**$1.65**	**$1,374**	**$825**	**$1,144**	**$1,798**

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Boards weigh essential investments against increased expenses

Associations in New Jersey's Gold Coast and Philadelphia are facing significant operating budget pressures, with costs rising by 6% from 2023 to 2024. A major contributor to this increase is the dramatic surge in insurance premiums, which have soared by 10 to 150%, depending on the association, due to a reduced number of insurers and higher property replacement valuations following the Champlain Towers collapse in Surfside, FL.

Additionally, new structural integrity legislation and reserve study requirements have driven up engineering fees. These regulations, aimed at ensuring safety and financial stability, combined with higher construction and capital expenditure (CapEx) project costs add considerable expense to maintaining high-rise buildings.

Furthermore, regulations on energy efficiency create incentives — or pressure — for buildings to invest in solar panels, insulation, and other sustainable technologies. These upgrades may add long-term value but require substantial investment.

To cope with rising costs and regulatory pressures, board members should adopt a long-term budget and capital planning strategy that includes scheduling work and repairs in advance. This proactive approach helps manage costs, minimize delays, and allocate resources efficiently. By doing so, they can ensure the safety and quality of their buildings, as well as the satisfaction of their residents.

2024 operating expenses by property size

	Buildings with <250 units		Buildings with >250 units	
	Per sq. ft.	Per unit	Per sq. ft.	Per unit
Administrative	$0.91	$1,847	$1.83	$2,496
Insurance	$0.65	$1,302	$0.60	$824
Master Assessments	$0.74	$1,662	$0.76	$862
Utilities	$1.27	$2,518	$1.27	$1,736
Operations	$3.29	$6,705	$3.13	$4,287
Reserves	$1.51	$3,009	$1.60	$2,183
Total	**$8.38**	**$17,043**	**$9.19**	**$12,388**

Sample: 44 buildings 7+ stories high on New Jersey's Gold Coast and Philadelphia. Median number of units: 250.

New Jersey's Gold Coast/ Philadelphia, PA

Average expenses in high-rise residential associations in 2024

	Per square foot					Per unit			
Expense Categories	% of budget	Average per sq. ft.	25% quartile	Median	75% quartile	Average per unit	25% quartile	Median	75% quartile
Total Administrative	**17%**	**$1.49**	**$0.51**	**$0.97**	**$1.63**	**$2,315**	**$914**	**$1,654**	**$2,933**
Total Property and Liability Insurance	**7%**	**$0.62**	**$0.48**	**$0.56**	**$0.78**	**$953**	**$718**	**$926**	**$1,450**
Total Master Assessments	**8%**	**$0.75**	**$0.29**	**$0.63**	**$0.92**	**$1,131**	**$440**	**$665**	**$1,417**
Total Operations	**36%**	**$3.19**	**$1.35**	**$2.27**	**$3.96**	**$4,941**	**$2,217**	**$3,632**	**$6,154**
Cable TV, internet, and telephone		$0.13	$0.02	$0.05	$0.08	$198	$37	$59	$133
Contingency		$0.06	-	$0.01	$0.07	$98	$1	$20	$124
Electrical, lighting, and plumbing		$0.04	$0.01	$0.02	$0.04	$57	$16	$26	$51
Elevator		$0.12	$0.08	$0.12	$0.17	$189	$122	$183	$261
Equipment/mechanical systems		$0.39	$0.11	$0.21	$0.35	$596	$141	$343	$643
Grounds and infrastructure		$0.09	$0.02	$0.07	$0.12	$137	$34	$100	$210
Landscaping and pest control		$0.17	$0.10	$0.14	$0.20	$257	$128	$224	$469
MRO and janitorial supplies		$0.29	$0.10	$0.17	$0.42	$443	$174	$355	$538
Other		$0.35	$0.03	$0.09	$0.30	$546	$34	$132	$629
Painting and special projects		$0.03	$0.01	$0.02	$0.04	$45	$20	$36	$78
Pool, amenities, and recreation		$0.19	$0.04	$0.11	$0.21	$316	$59	$174	$355
Property team		$1.27	$0.79	$1.18	$1.84	$1,964	$1,389	$1,857	$2,507
Trash collection		$0.06	$0.04	$0.08	$0.13	$96	$62	$123	$156
Reserves	**18%**	**$1.57**	**$0.97**	**$1.36**	**$2.13**	**$2,406**	**$1,461**	**$2,211**	**$3,481**
Total Utilities	**14%**	**$1.27**	**$0.71**	**$1.16**	**$1.94**	**$1,937**	**$1,209**	**$1,816**	**$2,677**
Electricity		$0.62	$0.34	$0.53	$0.96	$957	$578	$890	$1,336
Gas/fuel oil		$0.26	$0.13	$0.23	$0.43	$399	$234	$360	$451
Water and sewer		$0.39	$0.24	$0.39	$0.55	$581	$396	$566	$890
	ANNUAL	**$8.89**	**$4.32**	**$6.96**	**$11.37**	**$13,682**	**$6,959**	**$10,904**	**$18,112**
	MONTHLY	**$0.74**	**$0.36**	**$0.58**	**$0.95**	**$1,140**	**$580**	**$909**	**$1,509**

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Condominiums manage expenses to fulfill regulatory standards

From 2023 to 2024, operating expenses at New York City condominiums increased an average of 6.7%. This increase was driven by a variety of factors, depending on the type and age of the building. Legacy buildings often need to update their aging infrastructure, including heating systems, amenity spaces, and mechanical, electrical, and plumbing (MEP) systems. These renovations are essential for safety and comfort, but they are also expensive and time consuming.

Energy prices are rising due to global supply issues, adding to operating costs. Condo boards also need to meet Local Law 97's carbon emission targets by investing in energy-efficient and decarbonization projects. These are costly but necessary to avoid fines and comply with regulations. Another regulatory requirement is Local Law 11, mandating facade inspections every five years. Increased demand and local labor shortages have also driven up project costs.

Condo boards must plan ahead to manage rising costs and avoid costly fines for noncompliance. The best course of action is to prioritize the most urgent and impactful projects, seek competitive bids and quality contractors, and communicate effectively with unit owners. By addressing these issues early, condo boards can reduce financial exposure and protect their physical assets.

2024 operating expenses by property size

	Buildings with <150 units		Buildings with >150 units	
	Per sq. ft.	Per unit	Per sq. ft.	Per unit
Administrative	$1.40	$2,574	$1.08	$1,957
Insurance	$1.03	$1,895	$0.91	$1,644
Property Tax	$0.09	$163	$0.09	$180
Utilities	$2.98	$4,975	$1.56	$2,806
Operations	$9.58	$17,330	$6.30	$11,442
Reserves	$0.89	$1,532	$0.68	$1,229
Total	**$15.97**	**$28,469**	**$10.62**	**$19,258**

Sample: 67 buildings 7+ stories high in Manhattan, Queens, and Brooklyn. Median number of units: 150.

New York City Condominiums

Average expenses in high-rise residential associations in 2024

		Per square foot				Per unit			
Expense Categories	% of budget	Average per sq. ft.	25% quartile	Median	75% quartile	Average per unit	25% quartile	Median	75% quartile
Total Administrative	**9%**	**$1.21**	**$0.78**	**$1.13**	**$1.77**	**$2,203**	**$1,349**	**$1,734**	**$2,709**
Total Property and Liability Insurance	**7%**	**$0.96**	**$0.71**	**$0.92**	**$1.32**	**$1,747**	**$1,002**	**$1,355**	**$2,062**
Total Operations	**58%**	**$7.58**	**$4.24**	**$6.73**	**$10.36**	**$13,755**	**$7,202**	**$10,030**	**$16,231**
Cable TV, internet, and telephone		$0.08	$0.04	$0.04	$0.07	$141	$54	$72	$128
Contingency		$0.16	$0.07	$0.11	$0.21	$304	$137	$208	$352
Electrical, lighting, and plumbing		$0.66	$0.36	$0.70	$1.34	$1,191	$763	$1,100	$1,536
Elevator		$0.17	$0.12	$0.18	$0.24	$299	$193	$236	$361
Equipment/mechanical systems		$0.23	$0.14	$0.23	$0.31	$416	$229	$384	$514
Grounds and infrastructure		$1.00	$0.39	$0.78	$1.37	$1,762	$593	$1,014	$2,059
Landscaping and pest control		$0.03	$0.02	$0.03	$0.04	$58	$26	$47	$71
MRO and janitorial supplies		$0.23	$0.04	$0.12	$0.21	$422	$71	$218	$394
Other		$0.96	$0.04	$0.10	$0.71	$1,765	$64	$147	$954
Painting and special projects		$0.03	$0.01	$0.02	$0.05	$50	$17	$30	$54
Pool, amenities, and recreation		$0.10	$0.02	$0.03	$0.11	$181	$20	$40	$143
Property team		$3.93	$2.98	$4.38	$5.68	$7,150	$5,027	$6,519	$9,637
Trash collection		$0.01	$0.01	$0.01	$0.02	$18	$8	$15	$28
Total Property Tax	**1%**	**$0.09**	**$0.03**	**$0.08**	**$0.12**	**$173**	**$62**	**$116**	**$206**
Reserves	**6%**	**$0.75**	**$0.39**	**$0.61**	**$1.17**	**$1,335**	**$616**	**$949**	**$2,065**
Total Utilities	**19%**	**$2.56**	**$1.75**	**$2.80**	**$4.08**	**$4,367**	**$2,621**	**$4,120**	**$5,427**
Electricity		$1.38	$0.69	$1.30	$2.09	$2,438	$972	$2,293	$3,262
Gas/fuel oil		$0.75	$0.74	$1.04	$1.34	$1,161	$1,109	$1,156	$1,202
Water and sewer		$0.44	$0.33	$0.46	$0.65	$768	$539	$671	$963
	ANNUAL	**$13.16**	**$7.90**	**$12.27**	**$18.82**	**$23,580**	**$12,851**	**$18,304**	**$28,701**
	MONTHLY	**$1.10**	**$0.66**	**$1.02**	**$1.57**	**$1,965**	**$1,071**	**$1,525**	**$2,392**

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EXPENSE GUIDES

Co-ops manage high tax burden amid new regulations and energy standards

Cooperative boards and shareholders in New York City are facing challenges comparable to those at condominium properties. These include funding capital projects, rising utility costs, and complex energy regulations that typically require building upgrades for compliance.

From 2023 to 2024, high-rise budgets at New York City co-ops increased an average of 5.2%. For larger properties, that can mean a five-digit increase in annual costs. Real estate taxes, a budget line item almost guaranteed to increase each year, account for roughly 40% of operating costs. Also, abatements or reductions in property tax assessments are harder to secure following amendments issued by the NYC Department of Finance.

Utility costs and global energy constraints are also impacting co-ops. Many co-op buildings, mostly pre-war structures averaging 90 years old, need investments to update or replace aging mechanical, electrical, and plumbing (MEP) systems. Properties without cash resources might have to issue a shareholder assessment or explore high-interest financing options.

Local Law 11 requires facade inspections every five years, often with scaffolding. Some buildings may require energy-efficient upgrades to comply with Local Law 97, which imposes fines for buildings that exceed carbon emission limits. And New York Labor Law 240 makes building owners liable for contractors' injuries, opening the door to liability claims and significant increases in annual insurance premiums.

2024 operating expenses by property size

	Buildings with <200 units		Buildings with >200 units	
	Per sq. ft.	Per unit	Per sq. ft.	Per unit
Administrative	$3.58	$5,319	$2.47	$3,123
Insurance	$0.80	$1,195	$0.81	$1,042
Property Tax	$10.24	$15,207	$8.97	$11,358
Utilities	$1.28	$1,904	$2.28	$3,132
Operations	$10.01	$15,065	$8.35	$10,623
Reserves	$0.69	$845	$0.57	$560
Total	**$26.60**	**$39,536**	**$23.45**	**$29,839**

Sample: 72 buildings 7+ stories high in Manhattan, Queens, and Brooklyn. Median number of units: 200.

New York City Cooperatives

Average expenses in high-rise residential associations in 2024

		Per square foot				Per unit			
Expense Categories	% of budget	Average per sq. ft.	25% quartile	Median	75% quartile	Average per unit	25% quartile	Median	75% quartile
Total Administrative	12%	**$2.92**	**$2.21**	**$2.95**	**$4.83**	**$3,943**	**$2,653**	**$3,308**	**$4,649**
Total Property and Liability Insurance	3%	**$0.81**	**$0.68**	**$0.90**	**$1.15**	**$1,102**	**$762**	**$959**	**$1,266**
Total Operations	36%	**$9.12**	**$5.44**	**$7.59**	**$11.20**	**$12,378**	**$6,274**	**$9,242**	**$12,895**
Cable TV, internet, and telephone		$0.14	$0.03	$0.05	$0.12	$196	$32	$54	$152
Contingency		$0.23	$0.14	$0.16	$0.56	$318	$203	$321	$550
Electrical, lighting, and plumbing		$0.91	$0.71	$1.00	$1.53	$1,253	$854	$1,201	$1,642
Elevator		$0.22	$0.10	$0.16	$0.24	$302	$120	$155	$250
Equipment/mechanical systems		$0.28	$0.14	$0.24	$0.48	$378	$147	$285	$470
Grounds and infrastructure		$1.45	$0.26	$0.52	$0.89	$1,956	$233	$578	$1,084
Landscaping and pest control		$0.05	$0.03	$0.05	$0.08	$66	$36	$55	$91
MRO and janitorial supplies		$0.31	$0.04	$0.09	$0.21	$448	$40	$97	$243
Other		$1.13	$0.02	$0.06	$0.43	$1,528	$27	$77	$325
Painting and special projects		$0.06	$0.02	$0.05	$0.08	$81	$19	$50	$107
Pool, amenities, and recreation		$0.02	$0.01	$0.01	$0.02	$29	$12	$14	$40
Property team		$4.30	$3.94	$5.19	$6.53	$5,801	$4,539	$6,339	$7,912
Trash collection		$0.01	$0.01	$0.01	$0.03	$22	$13	$15	$30
Total Property Tax	38%	**$9.49**	**$7.11**	**$11.17**	**$15.17**	**$12,795**	**$8,928**	**$12,417**	**$17,000**
Reserves	2%	**$0.59**	**$0.27**	**$0.36**	**$0.87**	**$587**	**$274**	**$544**	**$791**
Total Utilities	9%	**$2.22**	**$1.58**	**$2.13**	**$2.95**	**$3,164**	**$2,165**	**$2,701**	**$3,767**
Electricity		$0.86	$0.35	$0.68	$1.36	$1,167	$389	$777	$1,634
Gas/fuel oil		$0.86	$0.86	$0.86	$0.86	$1,308	$1,308	$1,308	$1,308
Water and sewer		$0.51	$0.38	$0.60	$0.74	$689	$468	$615	$824
	ANNUAL	**$25.15**	**$17.29**	**$25.10**	**$36.16**	**$33,970**	**$21,056**	**$29,172**	**$40,368**
	MONTHLY	**$2.10**	**$1.44**	**$2.09**	**$3.01**	**$2,831**	**$1,755**	**$2,431**	**$3,364**

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Tampa Bay high-rises: Insurance spikes drive budget surge

Tampa and St. Petersburg's skylines are evolving, but so are the financial challenges facing high-rise associations. Board members are grappling with unprecedented budget increases, as expenses skyrocketed by 21% between 2023 and 2024.

This surge is primarily driven by three factors: insurance, reserves, and salaries. The aftermath of Hurricane Ian's devastation in Ft. Myers in 2022 substantially impacted the insurance sector, leading to a sharp increase in premiums throughout the coastal areas of Florida. Simultaneously, inflation and Structural Integrity Reserve Study (SIRS) inspection requirements are pushing reserve contributions higher. The tight labor market is also playing a role, with supply and demand dynamics impacting wages for essential building staff.

As Tampa Bay's vertical communities navigate these choppy financial waters, board members are tasked with making tough decisions. Board members must now balance rising costs against long-term community goals, focusing on maintaining property values and resident satisfaction. Strategic planning, transparent communication with residents, and innovative cost-saving measures are key. The challenge lies in preserving the quality of life that attracted residents to these buildings while ensuring the long-term financial stability of their communities.

2024 operating expenses by property size

	Buildings with <100 units		Buildings with >100 units	
	Per sq. ft.	Per unit	Per sq. ft.	Per unit
Administrative	$0.36	$972	$0.17	$381
Insurance	$3.56	$9,448	$0.97	$2,243
Master Assessments	$0.10	$324	-	-
Utilities	$1.45	$3,893	$0.39	$905
Operations	$6.24	$16,730	$1.98	$4,371
Reserves	$2.53	$7,032	$0.51	$1,212
Total	**$14.25**	**$38,400**	**$4.02**	**$9,112**

Sample: 74 buildings 7+ stories high in Tampa and St. Petersburg. Median number of units: 100.

Average expenses in high-rise residential associations in 2024

	Per square foot					Per unit			
Expense Categories	% of budget	Average per sq. ft.	25% quartile	Median	75% quartile	Average per unit	25% quartile	Median	75% quartile
Total Administrative	**3%**	**$0.21**	**$0.14**	**$0.24**	**$0.39**	**$504**	**$266**	**$520**	**$1,037**
Total Insurance	**24%**	**$1.57**	**$0.92**	**$1.68**	**$3.33**	**$3,754**	**$1,995**	**$3,599**	**$9,444**
Flood		**$0.11**	**$0.05**	**$0.08**	**$0.27**	**$317**	**$165**	**$228**	**$481**
Property and liability		**$1.46**	**$0.87**	**$1.60**	**$3.06**	**$3,437**	**$1,830**	**$3,371**	**$8,963**
Total Master Assessments	**2%**	**$0.10**	**$0.06**	**$0.10**	**$0.25**	**$324**	**$177**	**$278**	**$487**
Total Operations	**46%**	**$2.96**	**$1.60**	**$3.32**	**$5.59**	**$6,810**	**$2,969**	**$6,813**	**$13,839**
Cable TV, internet, and telephone		$0.14	$0.03	$0.09	$0.38	$335	$70	$181	$887
Contingency		$0.05	$0.02	$0.06	$0.10	$121	$25	$132	$377
Electrical, lighting, and plumbing		$0.13	$0.01	$0.03	$0.17	$229	$27	$52	$226
Elevator		$0.09	$0.06	$0.12	$0.20	$221	$142	$251	$541
Equipment/mechanical systems		$0.10	$0.06	$0.10	$0.20	$233	$117	$193	$515
Grounds and infrastructure		$0.04	$0.02	$0.05	$0.09	$94	$36	$89	$204
Landscaping and pest control		$0.12	$0.03	$0.13	$0.26	$281	$73	$332	$602
MRO and janitorial supplies		$0.30	$0.21	$0.34	$0.61	$701	$405	$704	$1,437
Other		$0.14	$0.01	$0.03	$0.27	$299	$10	$48	$859
Painting and special projects		$0.05	$0.01	$0.03	$0.04	$96	$28	$86	$109
Pool, amenities, and recreation		$0.07	$0.02	$0.05	$0.10	$171	$56	$88	$234
Property team		$1.65	$1.08	$2.21	$3.03	$3,873	$1,936	$4,525	$7,387
Trash collection		$0.06	$0.03	$0.08	$0.15	$156	$45	$133	$462
Reserves	**15%**	**$1.00**	**$0.65**	**$1.05**	**$1.60**	**$2,459**	**$1,289**	**$2,153**	**$5,484**
Total Utilities	**10%**	**$0.64**	**$0.29**	**$0.65**	**$1.29**	**$1,517**	**$607**	**$1,563**	**$3,169**
Electricity		$0.34	$0.14	$0.32	$0.70	$804	$317	$840	$1,803
Gas/fuel oil		$0.05	$0.01	$0.03	$0.12	$115	$26	$84	$186
Water and sewer		$0.25	$0.14	$0.30	$0.47	$598	$263	$640	$1,180
	ANNUAL	**$6.49**	**$3.65**	**$7.04**	**$12.45**	**$15,369**	**$7,303**	**$14,927**	**$33,460**
	MONTHLY	**$0.54**	**$0.30**	**$0.59**	**$1.04**	**$1,281**	**$609**	**$1,244**	**$2,788**

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EXPENSE GUIDES

Soaring costs challenge Toronto's skyline stewards

Toronto's high-rise residential communities are grappling with escalating expenses, prompting condominium boards to reassess their budgeting strategies. Between 2023 and 2024, operating budgets in the area increased by approximately 8%, driven by several factors that demand attention from board members.

Aging infrastructure in many Toronto towers necessitates costly repairs and replacements, straining financial resources. While insurance rates have stabilized for many corporations, claims are on the rise for high-risk condominiums, in large part due to increased water escape and flooding incidents. The Toronto flooding from July 2024 is estimated to cost the city over 1 Billion to repair.

Labour shortages in the maintenance and repair sectors have led to increased costs, challenging boards to balance quality service with fiscal responsibility. Additionally, many buildings face the pressing issue of underfunded reserve accounts and now need to catch up.

To navigate these challenges, board members must adopt a proactive approach. This includes conducting in-depth reserve fund studies within the regulated cycle, implementing strategic long-term planning, and exploring innovative cost-saving measures. By prioritizing both short-term needs and long-term value, boards can work towards maintaining resident satisfaction while ensuring the financial health of their communities.

As Toronto's vertical landscape evolves, informed and adaptable governance will be key to preserving property values and community well-being.

2024 operating expenses by property size

	Buildings with <150 units		Buildings with >150 units	
	Per sq. ft.	Per unit	Per sq. ft.	Per unit
Administrative	$2.04	$2,055.50	$0.92	$771.34
Insurance	$0.33	$335.10	$0.16	$136.34
Utilities	$2.91	$3,141.52	$1.53	$1,405.89
Operations	$3.16	$3,192.80	$1.81	$1,532.97
Reserves	$3.98	$4,010.70	$1.38	$1,161.99
Total	**$12.43**	**$12,736**	**$5.80**	**$5,009**

Sample: 95 buildings 7+ stories high in Toronto. Median number of units: 150.

Toronto, ON

Average expenses in high-rise residential associations in 2024

		Per square foot				Per unit			
Expense Categories	% of budget	Average per sq. ft.	25% quartile	Median	75% quartile	Average per unit	25% quartile	Median	75% quartile
Total Administrative	**16%**	**$1.09**	**$0.71**	**$1.68**	**$2.07**	**$938**	**$720**	**$1,591**	**$2,184**
Total Property and Liability Insurance	**3%**	**$0.19**	**$0.10**	**$0.29**	**$0.38**	**$162**	**$87**	**$248**	**$348**
Total Operations	**30%**	**$2.02**	**$0.66**	**$1.08**	**$4.09**	**$1,757**	**$661**	**$1,265**	**$3,355**
Cable TV, internet, and telephone		$0.05	-	$0.01	$0.11	$40	$0	$16	$87
Electrical, lighting, and plumbing		-	-	-	$0.01	$5	$2	$4	$7
Elevator		$0.08	$0.06	$0.09	$0.12	$69	$69	$91	$126
Equipment/mechanical systems		$0.24	$0.22	$0.25	$0.38	$204	$186	$308	$502
Grounds and infrastructure		$0.33	$0.18	$0.21	$0.35	$281	$165	$209	$447
Landscaping and pest control		$0.02	$0.01	$0.02	$0.03	$14	$7	$11	$43
MRO and janitorial supplies		$0.46	$0.13	$0.23	$1.07	$396	$173	$325	$819
Other		$0.26	$0.02	$0.13	$0.47	$221	$13	$151	$320
Painting and special projects		-	-	-	-	$4	-	-	$2
Pool, amenities, and recreation		-	-	-	$0.01	$3	$2	$4	$5
Property team		$0.53	$0.03	$0.06	$1.45	$457	$26	$88	$895
Trash collection		$0.06	$0.01	$0.07	$0.09	$62	$18	$57	$100
Reserves	**26%**	**$1.77**	**$1.00**	**$2.56**	**$4.06**	**$1,531**	**$853**	**$2,173**	**$4,587**
Total Utilities	**25%**	**$1.76**	**$0.79**	**$1.67**	**$3.16**	**$1,650**	**$1,085**	**$1,616**	**$3,409**
Electricity		$0.65	$0.04	$0.44	$1.11	$534	$40	$413	$1,447
Gas/fuel oil		$0.69	$0.49	$0.63	$1.22	$716	$663	$743	$1,186
Water and sewer		$0.42	$0.26	$0.60	$0.83	$400	$382	$460	$775
	ANNUAL	**$6.83**	**$3.26**	**$7.28**	**$13.76**	**$6,038**	**$3,406**	**$6,893**	**$13,882**
	MONTHLY	**$0.57**	**$0.27**	**$0.61**	**$1.15**	**$503**	**$284**	**$574**	**$1,157**

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EXPENSE GUIDES

Strata councils navigating rising expenses

From 2023 to 2024, high-rise residential buildings in Metro Vancouver have experienced an average increase in operating expenses of 4.1%, excluding reserve contributions. This trend poses significant challenges for strata councils as they work to balance both short-term and long-term financial needs, all while aiming to enhance resident satisfaction and maintain the long-term value of their properties.

Key contributing factors include escalating utility costs, primarily due to rising water and sewer rates alongside the adoption of more costly cleaner energy sources and District Energy rate increases. Although insurance rates have stabilized many strata corporations are needing to address maintenance and capital replacement projects that were postponed due to the previous years increases. Compounding these challenges are surging labour and material costs, driven by a shortage of skilled tradespeople.

As Vancouver's residential landscape evolves, it's essential for strata councils to adopt strategic budgeting practices and explore innovative solutions that meet both the financial realities and the aspirations of their communities. Through informed planning and proactive engagement with residents, councils can effectively navigate this dynamic and ensure their building's property values are maintained and sustainable for years to come.

2024 operating expenses by property size

	Buildings with <250 units		Buildings with >250 units	
	Per sq. ft.	Per unit	Per sq. ft.	Per unit
Administrative	$0.43	$582	$0.65	$575
Insurance	$1.09	$1,474	$1.51	$1,334
Utilities	$1.15	$1,556	$1.39	$1,222
Operations	$3.13	$4,287	$3.18	$2,859
Reserves	$0.60	$822	$1.04	$936
Total	**$6.40**	**$8,721**	**$7.77**	**$6,927**

Sample: 40 buildings 7+ stories high in Vancouver. Median number of units: 250.

Vancouver, BC

Average expenses in high-rise residential associations in 2024

	Per square foot					Per unit			
Expense Categories	% of budget	Average per sq. ft.	25% quartile	Median	75% quartile	Average per unit	25% quartile	Median	75% quartile
Total Administrative	**8%**	**$0.55**	**$0.32**	**$0.37**	**$0.71**	**$578**	**$307**	**$409**	**$699**
Total Property and Liability Insurance	**18%**	**$1.32**	**$1.01**	**$1.27**	**$1.71**	**$1,382**	**$1,037**	**$1,298**	**$1,475**
Total Operations	**42%**	**$3.06**	**$1.82**	**$2.59**	**$3.95**	**$3,206**	**$1,744**	**$2,742**	**$4,278**
Cable TV, internet, and telephone		$0.03	$0.01	$0.01	$0.03	$35	$7	$14	$24
Electrical, lighting, and plumbing		$0.01	$0.01	$0.01	$0.01	$21	$21	$21	$21
Elevator		$0.20	$0.16	$0.20	$0.27	$207	$150	$206	$275
Equipment/mechanical systems		$0.55	$0.19	$0.37	$0.62	$570	$227	$372	$793
Grounds and infrastructure		$0.17	$0.08	$0.13	$0.21	$176	$63	$126	$253
Landscaping and pest control		$0.15	$0.10	$0.16	$0.22	$158	$98	$157	$222
MRO and janitorial supplies		$0.77	$0.61	$0.79	$0.96	$804	$586	$838	$1,084
Other		$0.03	$0.02	$0.03	$0.05	$28	$15	$25	$42
Painting and special projects		$0.08	$0.03	$0.05	$0.09	$82	$29	$69	$108
Pool, amenities, and recreation		$0.19	$0.03	$0.08	$0.14	$192	$29	$79	$177
Property team		$0.70	$0.44	$0.56	$1.12	$736	$344	$637	$1,063
Trash collection		$0.19	$0.15	$0.20	$0.24	$198	$175	$200	$219
Reserves	**14%**	**$1.04**	**$0.72**	**$1.02**	**$1.27**	**$1,119**	**$733**	**$1,005**	**$1,745**
Total Utilities	**18%**	**$1.28**	**$0.82**	**$1.23**	**$1.53**	**$1,338**	**$910**	**$1,236**	**$1,696**
Electricity		$0.32	$0.28	$0.31	$0.39	$336	$264	$345	$450
Gas/fuel oil		$0.52	$0.19	$0.47	$0.56	$540	$287	$427	$731
Water and sewer		$0.44	$0.35	$0.45	$0.57	$462	$359	$464	$515
	ANNUAL	**$7.26**	**$4.69**	**$6.48**	**$9.16**	**$7,623**	**$4,732**	**$6,691**	**$9,893**
	MONTHLY	**$0.60**	**$0.39**	**$0.54**	**$0.76**	**$635**	**$394**	**$558**	**$824**

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About FirstService Residential

FirstService Residential is simplifying property management. We partner with boards, owners, and developers to enhance every property's value and every resident's life. Our team of local professionals offers the expertise and solutions to anticipate needs and respond to every property type. With our scale, we can provide solutions designed to help your budget go further. And our service-first philosophy means we don't stop until what's complicated becomes uncomplicated. Our goal: To make Life, Simplified.

If you wish to get in touch with someone from FirstService Residential, click here or scan the QR code.