

Income Approach
Practice Problem # 3
Developing an Expense Ratio

Using the below information, calculate an expense ratio for each of the four properties.

SC	EGI	EXPENSES	RESERVES		
Rieverton	\$469,775	\$135,330	\$15,000		
Eagle Ridge	\$392,440	\$117,500	\$12,000		
Chatham	\$518,760	\$148,000	\$18,000		
Hyde Park	\$318,780	\$88,020	\$10,800		

What is the Median expense ratio?

Income Approach
Practice Problem # 3 Answer
Developing an Expense Ratio

Given the above information develop an expense ratio to use on our subject property.

SC	EGI	EXPENSES	RESERVES	Total Expense	Exp Ratio
Rieverton	\$469,775	\$135,330	\$15,000	\$150,330	32.0%
Eagle Ridge	\$392,440	\$117,500	\$12,000	\$129,500	33.0%
Chatham	\$518,760	\$148,000	\$18,000	\$166,000	32.0%
Hyde Park	\$318,780	\$88,020	\$10,800	\$98,820	31.0%

The Median Expense Ratio is 32.0%