

**Level II**  
**Practice Problem # 3**  
**Expense Ratio Problem**

You have obtained the following information. Develop an Expense Ratio for the subject property based on this market information. What expense ratio will you use for your subject property?

Office Bldg.	EGI	Expenses	Reserves	Total Exp	Exp Ratio
Uptown	\$468,230	\$134,220	\$15,000		
River Edge	\$393,450	\$118,200	\$12,000		
East Lake	\$522,030	\$147,500	\$18,000		
Forest Glen	\$319,500	\$88,120	\$10,800		

**Level II**  
**Practice Problem # 3 Answer**  
**Expense Ratio Problem**

What expense ratio will you use for your subject property?

Office Bldg.	EGI	Expenses	Reserves	Total Exp	Exp Ratio
Uptown	\$468,230	\$134,220	\$15,000	\$149,220	31.9%
River Edge	\$393,450	\$118,200	\$12,000	\$130,200	33.1%
East Lake	\$522,030	\$147,500	\$18,000	\$165,500	31.7%
Forest Glen	\$319,500	\$88,120	\$10,800	\$98,920	31.0%

Total Expense Ratio                      31.8%