

Premier Property Management, Inc.

Mark Diez, President

White Egret Condominium

Rising Costs

A message from your management company

March 3, 2022

Greetings White Egret Owners:

Today we see across our nation and more immediately in our own personal lives, outside economic pressures causing inflationary conditions. Condominium Associations are no exception. Recent tragic events such as those of the Champlain Towers in Surfside or natural disasters such as Hurricane Ian, have a dramatic and lasting effect on the real estate industry. Such events have triggered the Florida Legislature to implement legislation that directly impacts the manner in which condominium associations operate. At the same time we are also experiencing a historic market adjustment in property insurance premiums at both the residential and multi-family level resulting in unprecedented premium renewals in many cases exceeding 100%+. These same economic and inflationary shifts have carried over into higher utility rates from service providers and the day-to-day necessary vendors.

Insurances -

The insurance marketplace for South Florida condominiums right now is in absolute turmoil. The state of the market is a result of a multitude of factors, but the bottom line is that we currently lack competition in our marketplace. For the last 2 to 3 years South Florida has experienced an exodus of carriers due to profitability issues; insolvencies/ liquidations from years of incurred losses. The very few carriers that can write coverage in our area have had their capacity reduced & their underwriting guidelines tighten. Carriers are dealing with a dramatic uptick in submissions since there are a fraction of carriers writing today as there were just two years ago. This has caused significant increases in insurance costs to condominiums this year; double the current rate.

Older constructed condominiums (pre-1980's) & those with aggressively low rates are most likely to experience more adverse renewals. White Egret's property insurance renewal rate for 2022 - 2023 increased 63% over the 2021 - 2022 premium which is extremely competitive for this class of building. The renewals for older buildings tend to be driven by the renewal stance of the incumbent carrier(s).

Changes Are Coming -

Senate Bill 4-D (“**SB 4-D**”) **Building Safety** was signed into law on May 26, 2022. Beginning December 31, 2024, condominium associations will be prohibited from: (i) using reserves for a purpose other than as intended or reserved, (ii) waiving the reserves, or (iii) reducing the funding of reserves for certain structural components of the property.

SB 4-D puts in place safety and preventative measures which must be carefully considered by Florida condominium associations. The new law requires additional and stringent inspections by licensed professionals and forbids the waiver of reserves for many condominium property components. In recognition of the expense and contracting necessary to implement these changes, the Legislature has provided a two-year period of compliance for many of the requirements.

These new requirements must be planned for in order to comply with the existing deadlines. Some immediate measures may be taken, recommendations such as amending the annual budget to gradually increase assessments is one being enacted by many Associations. SB-4 as passed is the most significant amendment to the Florida Condominium Act in many years. The requirements contained in SB-4 will be difficult to navigate and expensive to fulfill.

The Board of Directors with Management continue to take a proactive and conservative approach towards the management and operation of our community. Nevertheless, the necessities and amenities that are synonymous with the quality of life at the White Egret remain. Recent infrastructure investments and improvements position the White Egret well ahead of many similarly aged communities. Exterior concrete restoration, waterproofing and painting of the building’s exterior, open walkways and stairwells have not only improved the overall aesthetic appearance of our property, but also result in securing property values and return to our owners. The recent modernization of our elevator cabs, common area lighting and fire alarm panel are just a few of the infrastructure improvements made. Ultimately, projects such as the Lobby remodel and repaving of our parking lot will ensure that our community is positioned well to face the coming years.

Your Board of Directors in conjunction with Management have taken a very proactive approach towards hedging against these and other factors. Conditions require financial adjustments be made. The decisions made will equally impact all members including board members alike. Attached herein you will find a copy of the “Proposed “Budget for 2023 that takes into account these and other variables that will impact how White Egret fiscally plans to address the changing environment.

Best Regards,

Mark Diaz LCAM;CMCA;AMS
President, Premier Property Management, Inc.

