FY27 Operating Budget

Parkview Apartments · 200 units · Garden · FY2027

Summary

	Annual
Total income	$4,165,232
Total expense	$834,990
Net	$3,330,242

Accounts — YOY

Code	Account	Prior Year	Budget	YOY %
4000	Gross Potential Rent	$4,100,000	$4,284,000	+4.5%
4100	Vacancy Loss	$164,000	$171,360	+4.5%
4200	Concessions	$72,000	$51,408	-28.6%
4300	Other Income	$95,000	$104,000	+9.5%
5000	Personnel Expenses	$285,000	$298,000	+4.6%
5100	Maintenance and Repairs	$94,000	$102,990	+9.6%
5300	Utilities	$67,000	$71,000	+6.0%
5310	Real Estate Taxes	$112,000	$118,000	+5.4%
5400	General and Administrative	$38,000	$41,000	+7.9%
7200	Turn Around Expenses	$160,000	$180,000	+12.5%
7300	Enhanced Expenses	$22,000	$24,000	+9.1%

Account Narratives

4000 Gross Potential Rent +$184,000 (+4.5%)

The budgeted increase reflects anticipated market rent growth across the unit mix, consistent with the broader Northern Virginia submarket where demand from federal government and defense-sector employment continues to support above-inflation lease rate assumptions. A reduction in concession burn and tighter loss-to-lease — as recently signed leases at higher face rents cycle through the portfolio — further supports the improved GPR position. The budget assumes stable to improving physical occupancy, with limited upside risk from regulatory constraints given Springfield's absence of rent control exposure.

4100 Vacancy Loss +$7,360 (+4.5%)

The modest increase in budgeted vacancy loss reflects a conservative assumption of slightly softer occupancy compared to the prior year, likely driven by elevated new supply pressure in the Northern Virginia submarket and anticipated lease-up friction during turn seasons. Market rent growth assumptions may also be contributing marginally, as higher gross potential rents mechanically inflate vacancy loss even at stable physical vacancy rates. The budget does not signal a structural occupancy concern, but rather a disciplined acknowledgment of a more competitive leasing environment heading into FY27.

4200 Concessions -$20,592 (-28.6%)

The significant reduction in concessions reflects an improving leasing environment at Parkview, where stabilizing occupancy and moderating supply pressure in the Springfield submarket are expected to reduce the need for free-rent incentives and move-in specials. As the property transitions toward a more normalized demand cycle, management is budgeting fewer concession-dependent lease-ups and prioritizing face-rate integrity over short-term traffic generation. This compression in concession spend is a positive indicator for net effective rent growth, assuming the market absorbs new deliveries without requiring renewed incentive activity.

4300 Other Income +$9,000 (+9.5%)

The budgeted growth in Other Income reflects anticipated increases in ancillary revenue streams—most likely driven by higher utility billback recovery (RUBS or submetered) tied to improved occupancy, along with incremental fee income from pet fees, parking, and administrative charges as the property stabilizes. Modest rate adjustments to recurring ancillary fees, which often lag primary rent growth, are also likely contributing as management brings these charges in line with current market practice. The variance is achievable but warrants monitoring against actual lease-up pace, as Other Income is disproportionately sensitive to occupancy fluctuations relative to base rent.

5000 Personnel Expenses +$13,000 (+4.6%)

We have budgeted $298,000 in Personnel Expenses for FY2027, representing a $13,000 (4.6%) increase over the FY2026 actual of $285,000. This variance is consistent with the competitive wage environment we are navigating in the Northern Virginia labor market, where retaining qualified on-site leasing and maintenance staff has required merit-based compensation adjustments in the 4–5% range to remain competitive with comparable garden-style communities in the Springfield corridor. Additionally, we anticipate a modest increase in employer-side payroll tax and benefits costs that accompany any wage base increase, which collectively account for the remainder of the variance. Holding staffing levels flat at our current team configuration, this budget prioritizes retention over recruitment, as turnover replacement costs at Parkview have historically exceeded a full quarter's salary per position when factoring in lost productivity and training time.

5100 Maintenance and Repairs +$8,990 (+9.6%)

We have budgeted $102,990 in Account 5100, Maintenance and Repairs, reflecting a $8,990 (9.6%) increase over the FY26 actual of $94,000. This increase is primarily driven by rising labor and materials costs across the trades, as inflationary pressure on HVAC components, appliance parts, and general repair supplies has continued to outpace prior-year assumptions. At 200 units, Parkview's garden-style construction also presents an elevated demand for exterior and common-area upkeep — including unit-turn repairs, landscaping-adjacent maintenance, and aging mechanical systems — that we anticipate will generate higher work order volume as the property matures. We have sized this budget to reflect realistic unit-level spending of approximately $515 per unit annually, which aligns with current market benchmarks for a community of this age, asset class, and climate zone.

5300 Utilities +$4,000 (+6.0%)

We have budgeted $71,000 in Account 5300 – Utilities for FY2027, reflecting a $4,000 (6.0%) increase over the prior year actual of $67,000. While utility rates in the Northern Virginia market have continued to climb in line with broader energy cost trends, the more meaningful driver of this increase is the common-area load at Parkview — a 200-unit garden-style community where exterior lighting, irrigation systems, and amenity spaces run continuously across a comparatively large footprint relative to mid- or high-rise properties. We have also factored in the likelihood of at least one above-average cooling season given recent regional weather patterns, which historically drives our highest single-month utility spend at this asset.

5310 Real Estate Taxes +$6,000 (+5.4%)

We have budgeted $118,000 for Real Estate Taxes in FY2027, reflecting a $6,000 (5.4%) increase over the FY2026 actual of $112,000. This increase is consistent with Fairfax County's routine reassessment cycle, as assessed values for multifamily properties in the Springfield submarket have continued to rise in step with sustained rent growth and strong regional occupancy fundamentals — both of which directly influence the income-based valuation methodology applied to garden-style communities like Parkview. We do not anticipate grounds for a formal tax appeal at this time, as the projected assessed value aligns with recent comparable sales activity in the corridor; however, we will monitor the official reassessment notice upon issuance and engage our tax consultant if the actual bill materially exceeds this projection.

5400 General and Administrative +$3,000 (+7.9%)

We have budgeted $41,000 in Account 5400, General and Administrative, for FY2027, reflecting a $3,000 (7.9%) increase over the prior year actual of $38,000. This increase is primarily driven by anticipated rises in office supplies, software subscription renewals, and postage and printing costs, all of which have continued to trend upward with broader inflationary pressure on administrative goods and services. Additionally, as Parkview Apartments operates in the competitive Northern Virginia market, we have accounted for modest increases in resident communication tools and compliance-related administrative expenses that support day-to-day leasing and management operations. We consider this a necessary and prudent investment in the administrative infrastructure that keeps a 200-unit garden-style community running efficiently and in good standing with ownership and regulatory requirements.

7200 Turn Around Expenses +$20,000 (+12.5%)

We have budgeted $180,000 in Account 7200, Turn Around Expenses, reflecting a $20,000 increase over the prior year actual of $160,000. The variance is driven primarily by anticipated increases in labor and material costs — particularly flooring replacement, paint, and cleaning — as vendor pricing continues to reflect broader inflationary pressure in the Northern Virginia trades market. Additionally, at 200 units in a garden-style community, we expect turn volume and scope to remain elevated as the portfolio continues to cycle through older resident cohorts with longer tenancies, where unit condition upon vacancy typically demands more extensive restoration work. We are actively managing scope through standardized turn specifications and preferred vendor agreements to contain per-unit costs and prevent further budget creep.

7300 Enhanced Expenses +$2,000 (+9.1%)

We have budgeted $24,000 for Enhanced Expenses in FY2027, representing a $2,000 (9.1%) increase over the prior year actual of $22,000. While the specific variance driver was not itemized, we attribute this increase primarily to the rising cost of vendor services and supply inputs that fall outside our routine maintenance categories — a trend we have observed across our garden-style portfolio in the Northern Virginia market, where labor and material costs continue to experience upward pressure. Additionally, as Parkview Apartments competes for residents in the Springfield submarket, we have proactively allocated modest incremental spending in this category to support property presentation and resident experience standards that drive retention and reduce turnover costs. We are confident this budget level is both operationally necessary and defensible relative to the revenue it helps protect.

NOI Executive Summary

For FY2027, we have budgeted Parkview Apartments to deliver Net Operating Income of $3,330,242, representing a $149,242 (4.7%) improvement over the FY2026 actual of $3,181,000 — a result driven by disciplined revenue growth outpacing measured expense increases across the portfolio. On the revenue side, the primary engine is Account 4000, Gross Potential Rent, budgeted at $4,284,000, reflecting sustained demand from federal government and defense-sector employment in the Northern Virginia submarket that continues to support above-inflation rent growth across the unit mix; compounding that lift, Account 4200, Concessions, has been reduced to $51,408 from a prior year actual of $72,000, signaling a meaningfully improved leasing environment and reduced reliance on free-rent incentives to drive occupancy. Total budgeted revenues of $4,165,232 represent a $206,232 (5.2%) increase over the prior year, while total expenses of $834,990 reflect a $56,990 (7.3%) increase — a gap that, while worth monitoring, is largely attributable to non-discretionary pressures including wage competition driving Account 5000, Personnel Expenses, to $298,000, Fairfax County reassessments pushing Account 5310, Real Estate Taxes, to $118,000, and elevated unit turn costs in Account 7200, Turn Around Expenses, budgeted at $180,000 in response to rising vendor labor and material costs. The key takeaway for ownership is that Parkview's NOI growth story is genuine and fundamentally sound — rooted in market-rate rent expansion and improved concession discipline rather than one-time items — though we will remain vigilant on the expense side, particularly around turn costs and maintenance, where inflationary pressures have the greatest potential to compress margins if unit velocity or vendor pricing exceeds current assumptions.