

Can you please review my T12 financials for 123 Main Street?

123 Main Street generated \$3.06 million of T12 NOI, \$41,511 below budget (-1.3%) but 9.8% above the prior year. The historical results are close to plan. The more important forward issue is that current occupancy has fallen below the level supporting the budget. [T12 financial results](#)

T12 performance

Review period: October 2025 through September 2026. Both actuals and budget cover all 12 months. October actuals are excluded because the month is still open.

Metric	T12 actual	T12 budget	Favorable / (unfavorable)
Revenue	\$6,323,389	\$6,391,108	(\$67,719)
Operating expenses	\$3,264,864	\$3,291,072	\$26,207
NOI	\$3,058,525	\$3,100,037	(\$41,511)
NOI margin	48.4%	48.5%	(0.1 percentage point)

Revenue grew **5.9% year over year**, while operating expenses increased **2.5%**, producing the **9.8% NOI growth**. Expense savings partially offset the revenue shortfall against budget.

Year to date through September, NOI is \$2.30 million, \$9,618 ahead of budget (+0.4%). The T12 miss includes the below-budget fourth quarter of 2025.

Earnings direction

Recent earnings are stronger than the full-year average, although the trailing quarter remains below its seasonal budget.

Period ending September 2026	Actual NOI	Versus budget	Annualized NOI*
T12	\$3,058,525	-1.3%	\$3,058,525
T6	\$1,534,427	-3.4%	\$3,068,855
T3	\$796,607	-2.4%	\$3,186,429
September	\$283,083	+1.4%	\$3,397,000

Annualization scales each period to 12 months; it is not a forecast and does not remove seasonality.

The trailing quarter's revenue was essentially on budget. Its **\$19,683 NOI shortfall came from operating expenses**, principally maintenance. September finished above plan, but one month is not enough to establish a sustained change.

Revenue: rent realization, not concessions, drove the miss

Revenue driver	T12 impact versus budget
Potential rent after loss -to -lease	(\$133,434)
Vacancy loss	(\$24,479)
Lower concession expense	\$75,651
Net bad debt, including other -income write - offs and recoveries	\$16,861
Non -revenue units	\$2,760
Remaining other revenue	(\$5,076)
Total revenue variance	(\$67,719)

The largest gap is the combination of lower gross potential rent and greater loss-to-lease. Lower concessions materially cushioned that shortfall: **\$40,349 was booked against a \$116,000 budget**. That is a favorable accounting result, but it should not be interpreted on its own as evidence that leasing incentives can be reduced further.

Other-income performance is mixed. Lease cancellation fees exceeded budget by **\$22,985**, while move-in fees missed by **\$15,461** and damage reimbursements missed by **\$15,975**. Cancellation fees support reported revenue, but are not the same quality of recurring income as rent.

Expenses: aggregate savings mask specific overruns

Non-controllable expenses saved \$39,185, while controllable expenses exceeded budget by \$12,977. The overall expense result therefore looks better than several operating categories underneath it.

Selected expense category	T12 actual	Budget	Favorable / (unfavorable)
Maintenance	\$180,242	\$131,571	(\$48,671)
Administrative	\$224,113	\$193,250	(\$30,863)
Marketing & advertising	\$110,758	\$93,502	(\$17,256)
Contract services and other operating costs	\$297,857	\$340,583	\$42,726
Turnover costs	\$120,115	\$153,636	\$33,521
Insurance	\$172,347	\$201,624	\$29,277

The ledger supports a specific maintenance explanation: HVAC repairs totaled **\$82,922 against \$41,254 budgeted**, accounting for most of the maintenance overrun. January through September postings show recurring repair and parts activity, with **\$35,768 of net expense concentrated in June and July**. This is not just one isolated invoice. [Supporting expense postings](#)

Within administrative expenses, legal costs were **\$19,216 over budget** and travel and entertainment were **\$11,174 over**. The available legal postings describe landlord/tenant work; travel postings include leadership travel and team expenses. These descriptions locate the spending, but do not establish whether it was avoidable or improperly classified.

For market context, T12 operating expenses were **\$8,245 per unit annually**, versus **\$7,990** across the eight competitors with modeled expense coverage, a **3.2% premium**. These September 2, 2026 model estimates are derived from similar-property characteristics, not competitors' actual books. Total expenses are the cleaner comparison because individual accounting categories do not align exactly. [Market expense estimates](#)

Below NOI: debt coverage and capital accounting

Book-based debt-service coverage is 1.49x versus 1.56x budgeted, including cap receipts and booked service fees. That exceeds the general 1.25x reference level, but is not a lender covenant calculation. Trailing-quarter coverage is lower at **1.41x versus 1.61x budgeted**.

Capital spending needs a separate reconciliation. The statement reports **\$451,969 of net capital expense versus \$1.24 million budgeted**, but includes a **\$501,891 credit to a capitalized-cost account in December 2025**. Excluding that credit, the other capital accounts total **\$953,860**, or **\$282,703 below budget**. Do not interpret the entire reported capital variance as project savings.

Transaction-level ledger coverage begins in January 2026, so I could verify the current-year expense postings but not the supporting entries behind that December credit. The underlying journal support is needed before treating the net capital figure as cash spending.

Forward read

Occupancy is 91.7% as of October 28, versus an October budget of 94.0%. It was 93.4% 30 days earlier and 95.5% on the same date last year. The current 30- and 60-day projections are **92.2% and 91.7%**, respectively, against November and December budgets of approximately **94.1%**. These projections reflect scheduled activity and assume residents without a confirmed departure remain.  **Occupancy and budget +1**

Competitor listing-based occupancy was **94.1%** in the October 21 market pull, reported in the October 15 weekly bucket. That is a directional benchmark rather than an identical measure of physical occupancy.  **Competitive occupancy**

Recent signed leases still show positive rent growth: trailing-three-month gross trade-outs were **+3.4% on new leases and +6.4% on renewals**, versus **-1.0% and +4.8%** in the comparable prior-year period. Positive lease-level growth has therefore not prevented the occupancy decline. Scheduled concession coverage is limited, so those records do not establish the full incentive cost.  **Recent lease performance**

Bottom line: the T12 shows improving year-over-year earnings and only a modest budget miss. The review items are the recurring HVAC expense, the December capitalized-cost credit, and whether the lower forward occupancy will weaken the next several months of revenue. The financials alone do not establish a price, traffic or conversion cause, so they do not support a rent or concession change.

Financial results use monthly general-ledger actuals and the budgets your team shares with BubbleGum. Explore the detail in your [Income Statement dashboard](#), or read the [financial metric definitions](#).

TLDR?

123 Main Street's T12 is close to budget, but forward occupancy is the watch item.

- **NOI: \$3.06 million**, 1.3% below budget but 9.8% above last year. YTD is slightly ahead of plan.
- **Revenue drove the miss.** Expense savings helped, but masked HVAC repairs running roughly twice budget.
- **Occupancy: 91.7% versus 94.0% budget**, with limited recovery in the 30/60-day projections. That puts future revenue under pressure.
- **Capital spending needs reconciliation:** a \$502,000 accounting credit makes the reported underspend look larger than it is.

Bottom line: improving historical earnings, but lower occupancy could erode that progress.