



OPERATIONAL ALPHA™: FORENSIC EXPENSE BENCHMARK

MULTIFAMILY

Prepared For: Property Owner

Subject Property: THE SUBJECT, 2020 SUBJECT Drive, City, State

Date: January 9, 2026

SUBJECT PROPERTY PROFILE

Property Name	Address	Units	Year Built	Year Renov	Revenue per unit
THE SUBJECT	2020 SUBJECT DRIVE	292	2013	2013	\$1,709

Property Narrative: THE SUBJECT, located at 2020 SUBJECT Drive in City, State, offers modern garden-style apartments built in 2013, featuring 292 units designed for market-rate living. The community is situated within an area boasting a median household income of \$91,310 and a significant percentage of residents with bachelor's degrees or higher, contributing to its attractive demographic profile. The surrounding neighborhood emphasizes accessibility and convenience, being close to local amenities, schools, and parks. Additionally, the property benefits from a favorable rental market, with median rents around \$1,465, while also accommodating a population that has seen significant growth since 2010.

OPPORTUNITY

While THE SUBJECT is a strong revenue generator, significant value remains locked in operational inefficiencies—specifically in Other Expenses, Payroll, and Ancillary Income collection. We have applied a conservative remediation strategy, targeting a realistic closure of the performance gap rather than a full reset to the market median, accounting for property-specific nuances.

Financial Impact on Net Operating Income (NOI):

- **Current Annual NOI:** \$4,012,080 ($\$1,145 \times 292 \times 12$)
- **Optimized Annual NOI:** \$4,541,184 ($\$1,296 \times 292 \times 12$)
- **Increase:** 13.2%
- **Asset Valuation** \$529,104 (Annual NOI Increase) / 6.0% Cap Rate = +\$8,818,400



METHODOLOGY

How We Engineer Value: The 7-Step Process

We use a rigorous, data-backed methodology to find the efficiency gaps others miss.

1. Verified Data Ingestion

We utilize WH Advisory's curated database of over 40,000 verified CMBS operating statements—actual financials, not survey guesses. We expertly organize this data to enable advanced valuation and benchmark analyses that others cannot match.

2. AI-Driven Comp Selection

Our AI analyzes thousands of data points to select the most relevant peer group based on vintage, location, and asset class. We generate a narrative justification for why each property was selected, ensuring you are benchmarking against true competitors.

3. Forensic Line-Item Benchmarking

We compare specific line items—Payroll, Repairs, Utilities, G&A—against the verified median of your peer group to identify anomalies.

4. Performance Gap Identification

The system instantly flags underperforming categories, quantifying variances expressed in dollars per unit.

5. AI Diagnostic & Context

We don't just show you the numbers; we tell you what they mean. Our analysis articulates likely causes for underperformance, such as expense inefficiencies, overstaffing relative to unit count, or ancillary revenue stream opportunities.

6. Realistic Target Setting

We set realistic reduction targets based on the actual performance of your specific peer group—not impossible theoreticals.

7. Quantified NOI Impact

We translate efficiency into equity. Every report concludes with a clear calculation: "Achieving these targets will increase NOI by \$X and Asset Value by \$Y."



SECTION 1: COMPARABLE PROPERTY SELECTION

Comparable properties were selected based on location, asset class, vintage, and demographic profile to ensure a meaningful operational benchmark

COMPETITOR 1

Property Name	Address	Units	Year Built	Year Renov	Revenue per unit
Competitor 1	West Ashley, City, State	284	2015	2015	\$1,490

Relevance Narrative: Competitor 1 is a modern garden-style apartment complex built in 2015, featuring 284 units and positioned just over 2 miles from the Subject Property. Its market-rate affordability aligns well with the Subject Property's similar pricing structure, making it an apt comparison. Additionally, the surrounding area's higher median rent suggests a healthy demand for rental units, similar to the benefits enjoyed by the SUBJECT. The combination of newer construction and competitive amenities contributes to its attractiveness for potential tenants.

COMPETITOR 2

Property Name	Address	Units	Year Built	Year Renov	Revenue per unit
COMPETITOR 2	2040 Road, City, State	198	1972	2003	\$1,556

Relevance Narrative: Competitor 2, built in 1972 but renovated in 2003, offers 198 units within a similar demographic profile to that of Subject Property²³. Its location in a vibrant neighborhood, only a few miles from the Subject, makes it a relevant comparison. The property also exhibits healthy revenue per unit and attractive rental rates, which can help assess market viability²⁵. The relatively low expense ratio is indicative of effective management, providing a potential benchmark for operational performance analysis².

COMPETITOR 3

Property Name	Address	Units	Year Built	Year Renov	Revenue per unit
Competitor 3	3014 Drive, City, State	282	2016	2016	\$1,619



Relevance Narrative: Competitor 3, a garden-style community constructed in 2016, features 282 market-rate units and is within close SUBJECT to the Subject Property. The property reflects a strong rental market with robust demographics, making it a likely competitor for the SUBJECT. With the same focus on quality design and community engagement, this Comp highlights amenities that attract similar tenant profiles. Its SUBJECT to local attractions enhances its relevance for comparison.

COMPETITOR 4

Property Name	Address	Units	Year Built	Year Renov	Revenue per unit
COMPETITOR 4	2800 Blvd, City, State	280	2015	2015	\$1,747

Relevance Narrative: Competitor 4 is a modern garden-style apartment community built in 2015, featuring 280 units and catering to a profile that aligns closely with that of the Subject Property. Located approximately 7 miles away, this property shows a strong income potential reflected in its higher revenue per unit³². It also benefits from a demographic with a significant percentage of educated residents, similar to the SUBJECT. This positioning makes it a relevant marker for evaluating market positioning and rental strategies³.



COMPETITOR 5

Property Name	Address	Units	Year Built	Year Renov	Revenue per unit
COMPETITOR 5	1001 Drive, City, State	210	1971	2016	\$1,456

Relevance Narrative: Competitor 5, although slightly different in property type, offers insights with its 210-unit setup and affordable housing approach, located about 8 miles from the Subject Property. It features a diverse population and addresses important community needs, which closely mirrors The SUBJECT's focus on attracting a broad demographic. Its favorable rental rates and operational metrics provide useful context for an analysis of affordable housing performance against market-rate properties.

Competitor 6

Property Name	Address	Units	Year Built	Year Renov	Revenue per unit
Competitor 6	1660, City, State	200	1980	2020	\$1,376

Relevance Narrative: Competitor 6, a market-rate property built in 1980 and renovated in 2020, holds 200 units positioned further away at 10 miles but offers an important snapshot of rental dynamics within the region. With a similar unit structure and the potential for strong rental income, this Comp aids in understanding how properties in varying SUBJECT could affect market strategies for the SUBJECT. The community's attractive features and recent renovations enhance its relevance as a comparative asset for valuation analysis.



SECTION 2: OPERATIONAL BENCHMARKS

Detailed Line-Item Performance:

The following table compares the Subject Property's monthly per-unit financial performance against the Median of the selected comparable properties.

Line Item	Subject Property	Comp Median	Variance (\$)	Status
Base Rent	\$1,824	\$1,535	+\$289	Outperforming
Other Income	\$114	\$167	-\$53	Underperforming
Total Revenue	\$1,938	\$1,713	+\$225	Outperforming
RE Taxes	\$213	\$198	+\$15	Underperforming
Insurance	\$72	\$74	-\$2	Outperforming
Utilities	\$79	\$93	-\$14	Outperforming
Repairs & Main	\$61	\$36	+\$25	Underperforming
Management	\$49	\$52	-\$3	Outperforming
Payroll	\$135	\$112	+\$23	Underperforming
G&A	\$35	\$26	+\$9	Underperforming
Other Expenses	\$117	\$0	+\$117	Severe Underperformance
Total Expenses	\$793	\$585	+\$208	Underperforming
NOI	\$1,145	\$969	+\$176	Outperforming



SECTION 3: DIAGNOSTICS FOR EACH UNDERPERFORMING LINE-ITEMS

Other Income

- Status: Underperforming
- The Data: Income is running at \$114/unit vs median of \$167/unit
- Remediation Strategy: Current collection is significantly below the \$167 median. We recommend a forensic audit of the current fee schedule. While the median suggests \$167, we are targeting \$150 to account for potentially lower acceptance of fees in this specific sub-market while still capturing the bulk of the opportunity.
- Target Improvement: Increase to \$150/unit -> Gain \$36/unit.

Repairs & Maintenance

- Status: Underperforming
- The Data: Expenses are running at \$61/unit vs median of \$36/unit.
- Remediation Strategy: The median is \$36, but the Subject is 13 years old, requiring more upkeep than newer comps. We are not assuming a full reduction to the median. Instead, we are targeting \$48/unit, which allows for a reasonable "mid-life-lifecycle" premium while eliminating evident inefficiencies.
- Target Improvement: Reduce to \$48/unit -> Save \$13/unit.

Payroll

- Status: Underperforming
- The Data: Expenses are running at \$135/unit vs median of \$112/unit
- Remediation Strategy: With 292 units, the property has excellent scale. However, we are budgeting \$125 (above the \$112 median) to ensure retention of high-performing senior staff. The target savings will come strictly from eliminating overtime and optimizing auxiliary labor, not headcount reduction.
- Target Improvement: Reduce to \$125/unit -> Save \$10/unit.



Other Expenses

- Status: Severe Underperformance
- The Data: Expenses are running at \$117/unit vs median of \$0/unit.
- Remediation Strategy: A zero median indicates this is typically a negligible line item. We acknowledge \$25/unit as a realistic "miscellaneous" operating budget for a property of this complexity. The remaining \$92 represents capital items that should be reclassified to the balance sheet.
- Target Improvement: Reduce to \$25/unit -> Save \$92/unit.

RE Taxes

- Status: Underperforming
- The Data: Expenses are running at \$213/unit vs median of \$198/unit."
- Remediation Strategy: No Improvement. The variance (\$15) is minimal and likely structural due to the property's newer vintage (2013) compared to older comps in the set. A tax appeal is unlikely to yield meaningful operational alpha here.
- Target Improvement: None.



SECTION 4: NOI OPTIMIZATION

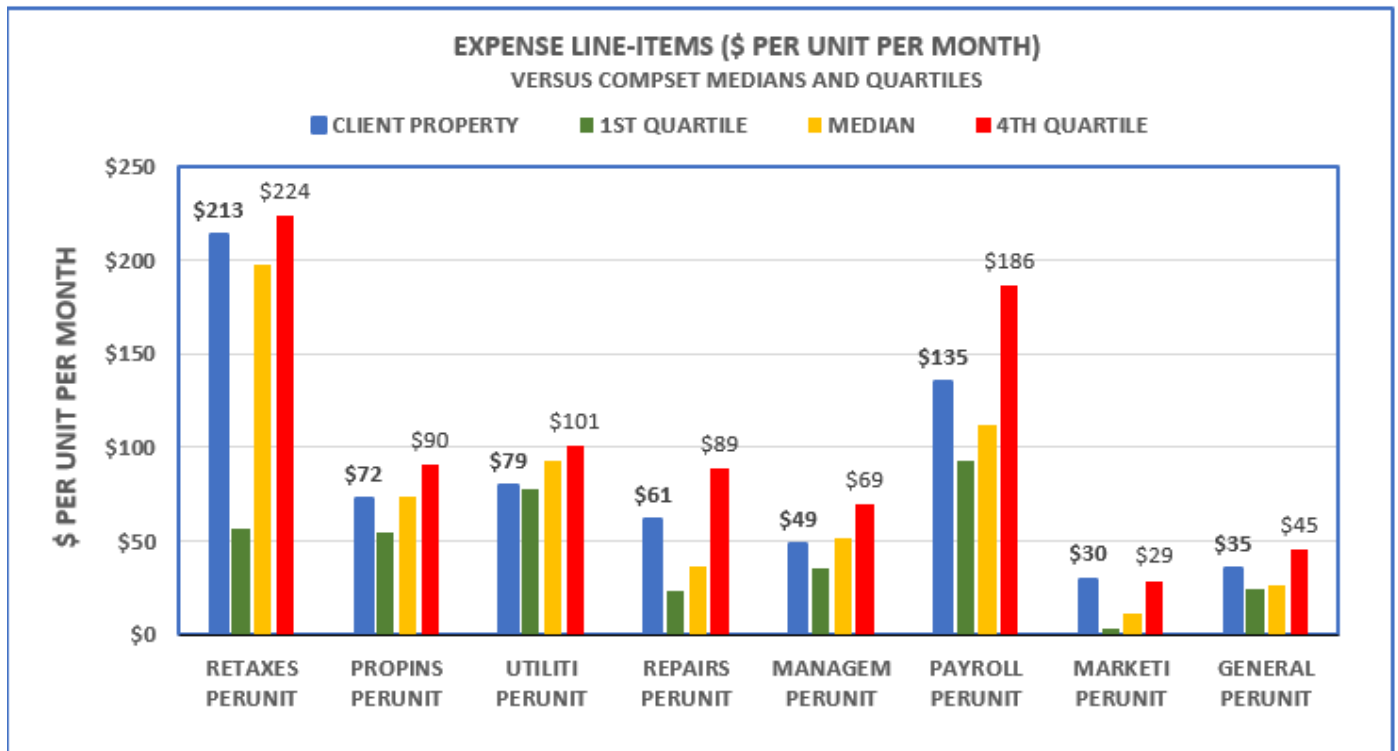
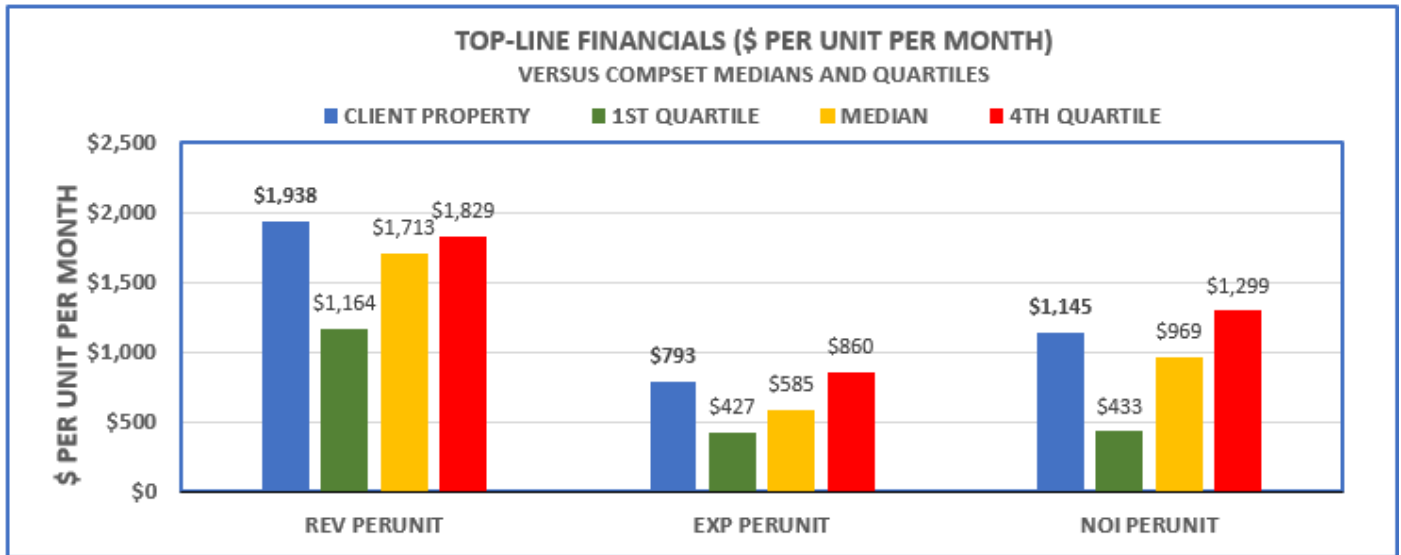
Line-Item Optimization	Current Cost	Market Target	NOI Impact (Monthly)
Other Income Gain	\$114	\$150	+\$36
Repairs Savings	\$61	\$48	+\$13
Payroll Savings	\$135	\$125	+\$10
Other Expenses Savings	\$117	\$25	+\$92
RE Taxes Savings	\$213	\$213	\$0
Total Monthly Impact			+\$151

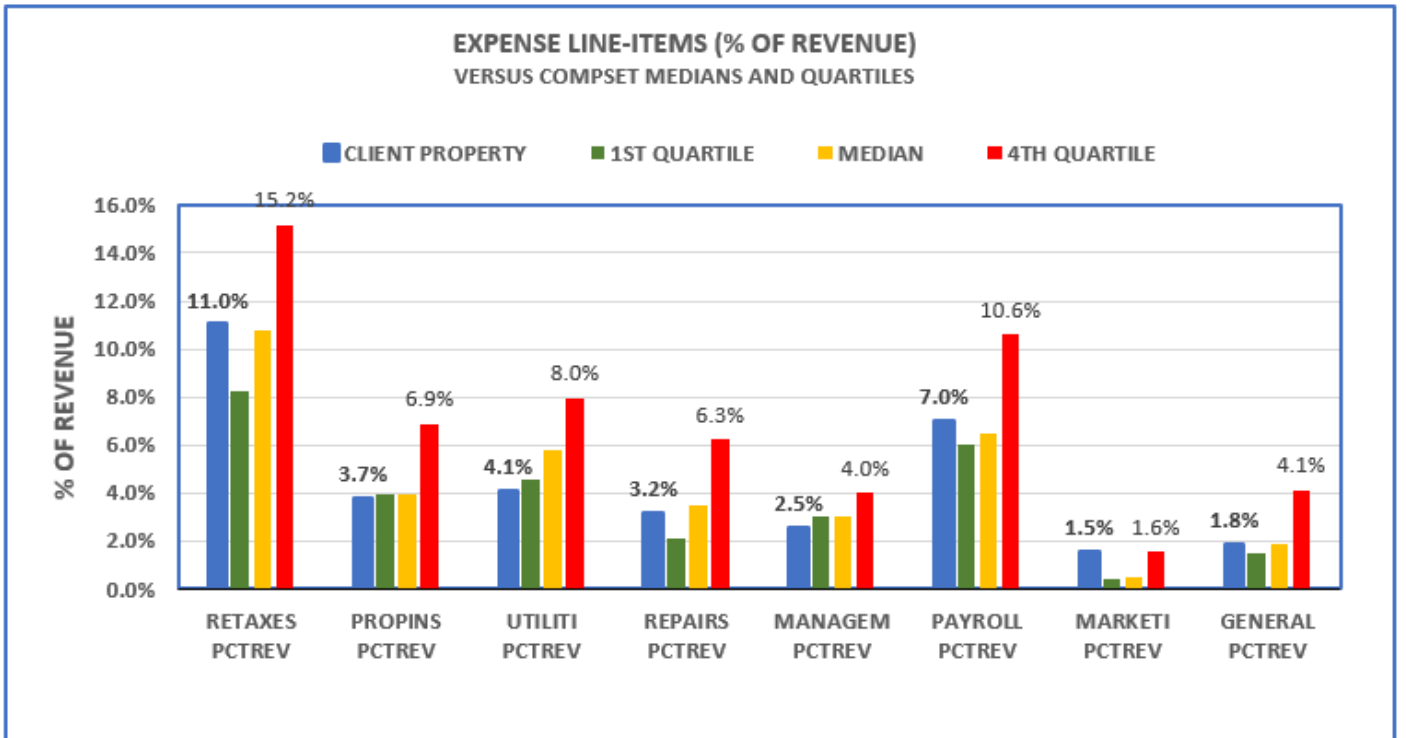
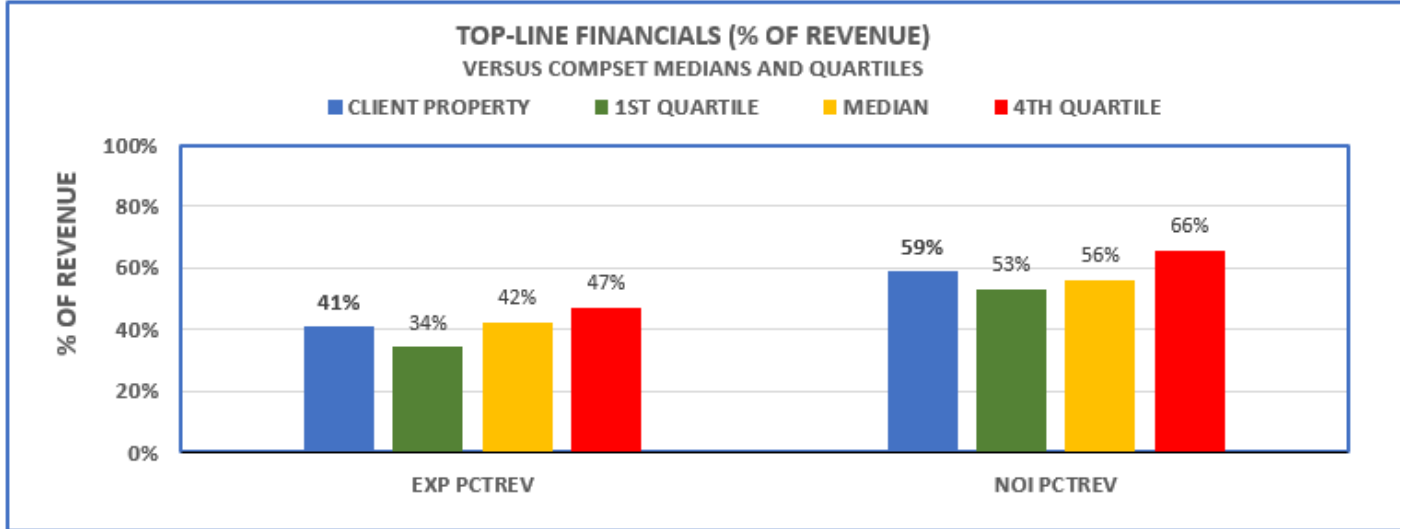
Financial Impact Analysis on Net Operating Income (NOI)

- Current Annual NOI: \$4,012,080 (\$1,145 x 292 x 12)
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- Increase: 13.2%
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SECTION 5: BENCHMARK COMPARISON CHARTS





Powered by Operational Alpha™ | REFS & WH Advisory | Data Source: Verified CMBS Operating Statements ⁶²