



IREM® From the Front Lines Podcast

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Budgeting That Protects NOI: Multifamily Playbook for 2026

Erin:

Welcome to another edition of From the Front Lines, where we discuss both the day-to-day, and one-of-a-kind issues facing real estate managers. Budget season can feel like forecasting in a fog, especially when repair costs spike, insurance jumps or occupancy shifts. Today we're clearing the air with a practical on-the-ground playbook for multifamily operators. Today we are joined by Sarah Wickline, Senior Regional Director with OMNIA Partners. Sarah helps operators translate T-12s, rent rolls and market realities into budgets that actually hold up without derailing on-site teams. We have a lot to cover about the most costly budgeting pitfalls and how to avoid them, so let's jump right in. Welcome to the podcast, Sarah.

Sarah:

Thanks for having me.

Erin:

First off, what are the most common budgeting mistakes you see in multifamily and why do they happen?

Sarah:

One of the biggest mistakes is underestimating repair and maintenance costs, especially in older properties. It's often assumed that last year's expenses will repeat, but that's not always true. A lot of operators overpay for materials, maintenance supplies, or even services because they don't have the volume to negotiate better rates. Leveraging group purchasing gives them access to national pricing on big-dollar items like appliances and property insurance, but it can also help save in areas like temp staffing and even technology. It can seriously reduce their expenses and help stay within budget. Another issue is failing to budget for vacancy and bad debt realistically. People get optimistic and plug in unrealistic occupancy rates. Using actual trailing 12 data as your base and stress-test the numbers ensures you're not overpromising. Also, always include a contingency line item, even if it's just three to five percent of your total expenses.

Erin:

Okay that makes sense. And when a budget starts to drift, what early warning indicators do you watch and what variance threshold triggers a response?

Sarah:

A formal annual budget is traditionally completed every year, but it should be reviewed monthly against actuals to catch those warning indicators. If expenses or income are off by, say, more than five to ten percent, that needs to be investigated.

A major trigger for adjustments is unexpected events such as large repairs or insurance hikes, or even if rent growth exceeds expectations. Flexibility is key. Reviewing the budget mid-year is also a good habit. Having an outside analytics team perform a mid-year spend assessment can help you get back on track without compromising a project or NOI. The budget should be treated as a working document, like a guide, not something that is set in stone. Too many changes, though, could be confusing to the on-site teams, so communication is key. It's important to explain why the budget may be changing and what those changes mean for the remainder of the year.

Erin:

Yeah, that makes sense too. And what tools or software fit best at different portfolio sizes for creating and managing a budget?

Sarah:

Most property management software have built-in budgeting tools. Software like RealPage and Yardi offer detailed forecasting features as well. A good old-fashioned spreadsheet is also a simple way for companies to budget. Customizing templates for your company in Google Sheets is an organized way to complete your budget because they can be utilized by multiple people in real time. It automatically saves your work and has built-in history to track changes so you can always go back. You can also use a cloud-based operating system like monday.com to upload your final budget and to track your CapEx and operating projects.

Erin:

Okay, great. And can you walk us through your process for building a first-year budget on a new acquisition?

Sarah:

Sure. The first thing you do is analyze the seller's T12 and rent roll. From there you can add your own expectations based on property comps, your business plan and local market data. The due diligence is where the details will come from though—making sure you get real-life quotes for insurance, taxes and big-ticket repairs so you can build a pro forma budget based on year-one targets, and then taking into account rent increases, expense cuts, and similar items of that nature. Also, getting feedback from the on-site property manager is valuable prior to finalizing the budget before takeover. They are the ones that are going to be using that finalized version as a benchmark for monthly performance and reporting to the owners and investors.

Erin:

Okay, makes sense. And how do you approach budgeting for CapEx versus OpEx? And where can strategic purchasing through a GPO make the numbers more predictable?

Sarah:

When you're planning your CapEx budget, such as roofs or HVAC replacement or unit renovations, just as examples, look at what suppliers can access through your group purchasing partner. They've already negotiated contracts with major brands to get consistent pricing. On the operating side, utilizing your GPO supplier network for things like cleaning services, pest control, office expenses, etcetera, creates predictability and cost control on both sides of the budget. One thing I often see are properties not looking beyond traditional CapEx and not including other large expenses. For example, if your smart locks are reaching end of life and you're replacing several a month, add a whole-property smart lock upgrade to the CapEx budget for next year. Also consider

longevity when purchasing CapEx items—if you can get a fire suppression device that lasts 10 years instead of six, those few extra years may get you through a tough sales cycle.

Erin:

Okay, great. And if a listener wants to try this next week, what's a simple three-step checklist to reduce volatility in their 2026 budget?

Sarah:

First, run a 12-month variance report. Look back at last year's numbers and flag anything that was more than eight percent off plan—that's where the surprises are hiding. Second, get two fresh quotes on your top five most volatile products or services. Prices move fast, so this keeps your assumptions grounded in reality with current quotes. And third, build a small safety net, adding a three to five percent contingency, and write down the trigger rules for when you'll actually use it during the year.

Erin:

All right, great insight, Sarah. We covered a lot of valuable content in a short amount of time. So before we wrap, what's the best way to reach you and OMNIA Partners to learn more or take the next step?

Sarah:

Thanks so much. It's been great chatting today. The easiest way to connect with me is on LinkedIn—just search Sarah Wickline with OMNIA Partners and you'll find me there. You can also email me directly at sarah.wickline@omniapartners.com if you'd like to talk more about how we can help with your budget or your procurement strategy. And of course, you can always visit OMNIA Partners to learn more about our programs and how to get started.

Erin:

Great. We'll include these contact details and resources in the show notes as well. Thanks for joining us, Sarah.

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