8 Property Management KPIs To Track & What They Mean For Your Bottom Line

Key Performance Indicators (KPIs) are metrics used to measure the success of a specific aspect of a business. In property management, KPIs are crucial in tracking the performance of properties and ensuring their successful operation. These KPIs can include occupancy rates, rental income, maintenance costs, tenant satisfaction, and more.

By regularly monitoring these KPIs, you can make informed decisions and identify areas for improvement to maximize profitability and enhance the overall experience for tenants. Continue reading to find out more about property management KPIs and how they can benefit your own business.

What are Key Performance Indicators (KPIs)?

KPIs are metrics used to evaluate and track a business's or organizational goal's success. They serve as a measure of progress and can help organizations determine if they are meeting their objectives. KPIs vary depending on the industry and the specific goals of the organization.

Common KPIs include customer satisfaction, revenue growth, employee turnover rate, and net promoter scores. KPIs should be specific, measurable, achievable, relevant, and time-bound (SMART) to be effective. It's essential to regularly review and adjust KPIs to ensure they accurately reflect the organization's current priorities and goals. Utilizing KPIs can provide valuable insight and allow organizations to make data-driven decisions to improve their performance.

Why are they important and what do they mean for your bottom line?

Property management KPIs are important for several reasons:

- Measurement of performance: KPIs provide a clear and objective way to measure the performance of properties and track their progress over time.
- Improved decision-making: By monitoring KPIs, you can identify trends and make data-driven decisions to improve the performance of properties.
- Increased efficiency: Tracking KPIs helps you allocate resources more effectively and streamline processes to increase efficiency.

- Enhanced tenant satisfaction: By tracking KPIs such as tenant satisfaction, you can understand what is important to tenants and make changes to improve their experience.
- Maximization bottom line: Regular monitoring of KPIs such as occupancy rates and rental income helps you make informed decisions to increase profits.

Overall, property management KPIs are crucial in ensuring the successful operation of properties and providing valuable insights to help you make informed decisions and increase your bottom line.

The most effective property management KPIs to track

Net Operating Income (NOI)

Net Operating Income (NOI) is one of the most essential and useful KPIs a property manager should track. You can find it by removing all operating costs, such as maintenance and housekeeping, from the overall revenue of a property.

It will provide you with your actual profit and give you insights into whether you are spending too much and need to reduce costs. The NOI will also help you identify which properties are bringing you more money than others so that you can switch your focus.

Properties won vs. properties lost

A successful property manager has a steady number of properties to manage each year. Therefore, if you've changed your actions recently, you'll want to examine your properties' won vs. properties lost KPIs over the past 12 months to see if they have positively or negatively affected your acquisitions.

If you've noticed that you've won more properties than lost, you should keep doing what you're doing. However, if you're losing more properties, you will need to change your strategy.

Occupancy and vacancy rates

A good property manager needs to always be aware of their occupancy rates across all properties. You should have around 95 percent occupancy if your properties are based in an urban area and only slightly lower in rural locations.

When you have your occupancy and vacancy KPIs, you can compare them to the market average. If you have more vacancies than the average, it's time to change your game plan and find a way to get more tenants.

Revenue growth

Similar to NOI, revenue growth is one of the most important KPIs in showing a property manager how their business has been performing for the past year. It will show you whether you've been successful in your actions or need to make changes to improve the numbers.

If you have noticed your revenue is lower than expected or less than the last year, you will need to use these KPIs to figure out why that is and make the necessary adjustments.

Tenant turnover

This KPI isn't as relevant for property managers who look after short-term rentals and Airbnbs, because the whole point is to try to get as many tenants in throughout the year. However, if you are managing long-term rentals, you would expect to have tenants in the property for around 12 to 48 months at a time.

If you are finding that your tenant turnover is incredibly high, you may have to question your service and whether your tenants are happy living or working in the property.

Average days-to-lease

Whether you manage long or short-term rentals, you don't want them to be vacant. When they are, you are losing money each day that someone isn't paying rent. That's why you want to ensure you have a tenant in the property as quickly as possible.

Identifying the average days-to-lease between each tenant will give you insights into your advertising and marketing efforts. If the vacant periods are long and make you lose money, you may want to revamp your marketing strategy.

Maintenance and repair costs

It is incredibly important for property managers to maintain property and ensure it is in perfect working order for the tenant staying in it. However, sometimes a maintenance cost may not be needed, and it could affect your overall revenue.

Look at the maintenance and repair costs you've forked out over the past year, and if it is digging too much into your budget, you may have to consider whether the job is actually needed.

Conversion rates

Last but not least, we have the conversion rates KPI. You can figure out this KPI by dividing your total number of bookings over the past year by the number of inquiries you’ve had. If your inquiries are drastically higher than the bookings, you will need to make some changes.

You should look into things such as your response time, the amenities being offered, and possibly even your pricing. These things could improve the conversion rates for the next year.