9 KPIs that Matter for Property Managers

Which key performance indicators (KPIs) matter? While no two property managers are the same, there are baseline metrics that help you understand if you're getting the job done across your buildings.

Here are 9 measures of success every property manager should be aware of if they want to keep - and excel at - their jobs:

1. Tenant satisfaction rating

Understanding whether or not your tenants are happy with the service you're providing can be an early indicator of problem areas or non-renewals.

Your goal should be to achieve 4 out of 5 tenants rating your service with at least 4 stars (on a 5-star scale). Tenant expectations vary by market and property type, so benchmark your success with like properties.
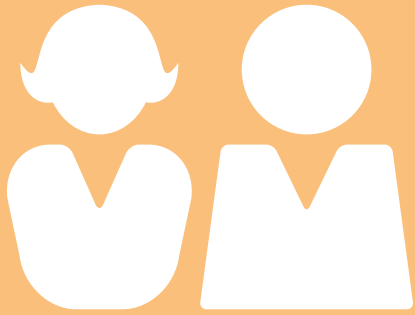
2. Tenant retention

How well are you keeping tenants? High turnover is costly, as it costs more to acquire new tenants than keep the existing, and can negatively impact your overall building operations.

In fact, the cost of losing and subsequently acquiring a replacement tenant can cost building owners up to three times more than renewing a lease.

However, it's important to manage retention and rollover risk with an owner's mentality, asking questions such as:

► Where are rents relative to market?

► Are tenants stable/growing?

► How long would it take to fill vacant space?

► What about IT demands?

70%
is a good baseline renewal rate to shoot for.

3. Certificate of Insurance compliance

Are your tenants, and vendors, up-to-date with Certificates of Insurance? Non-compliance is an expensive insurance penalty you can't afford to ignore.

Building Engines considers **75%** to be a "healthy" coverage percentage, but many risk managers will say that anything lower than the high 90's is unacceptable and extremely risky.

4. Efficiency

Have you done everything you can to drive efficiency across your properties? Find out by tracking metrics such as:

Ratio of tenant-submitted work orders vs. those that are called in

Your goal should be to drive tenants to use self-service portals, rather than calling your office, to drive efficiency.

Aim for **75-80%** of work orders to be submitted through an online or mobile platform (like Building Engines), to save you and your team critical time.

Visitor access pre-clearance

How many visitors are pre-cleared by tenants in advance compared to how many visitors are cleared by guards in-person?

Set a goal of **80%** of visitors registered ahead of time to keep your lobby running efficiently, and avoiding long lines.

Engineering productivity

Your maintenance teams should account for an

8 hour day.

Measure the number of work orders or tasks completed, taking into account administrative / break time.

5. Revenue

Billable work orders can quickly add up monthly, quarterly, and annually. This can vary widely based on the size of your building, and whether or not your lease allows it.

BOMA recommends 10 ways to increase revenue on your properties. (Source)

1. Collect account receivables in a proactive way

2. Look for signs of tenant decline

3. Help tenants be successful

4. Confirm the rent roll is correct

5. Charge for extra service

6. Collect security deposits

7. Calculate operating expense pass-throughs

8. Practice good cash management

9. Consider alternative revenue sources (such as advertising in parking garages)

10. Lease up vacancies with aggressive leasing strategies (or, better yet, keep the space occupied by providing excellent service)

6. Expense management

Are you over or under budget regarding your property management expenses?

It's important to benchmark expenses internally, or using references such as the BOMA Experience Exchange Report or IREM's Income and Expense Analysis.

7. Work order completion rate

Completing work orders is paramount to tenant satisfaction with service. To measure the effectiveness of your service delivery program, measure what percentage of work orders are completed by their due date.

Building Engines considers **90%** **to be a best-practice rate. If you're falling short, you risk dissatisfied tenants.**

8. Incidents resulting in a financial loss

Incidents happen. How many have happened in your properties that have resulted in a financial loss? Your goal should be to reduce this number to zero.

This is one way to understand if your incident tracking and response practices are effective. It's up to you to collect the right information when something happens in the building, and to share that information with the right people.

Document all incidents and related information to mitigate future liability, as high-quality documentation can potentially lower insurance rates and reduce the risk of financial loss.

9. Inspection completion rate

Are you compliant with necessary inspections, completed on time? If you're still performing inspections from a paper checklist and clipboard, it will be difficult to track this key performance indicator, which reveals your efficiency and ability to complete inspections when they're due across your properties.

Building Engines understands the most challenging parts of property management. We've built software to help automate, document, and speed up the most important functions, including these 9 critical KPIs.

See how Building Engines can help you exceed these expectations at www.bulidingengines.com.
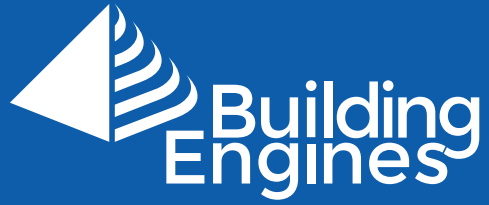
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