
ProfitCoach

The 2026 State of Financial Performance in Property Management

Insights from Top-Performing PM Companies

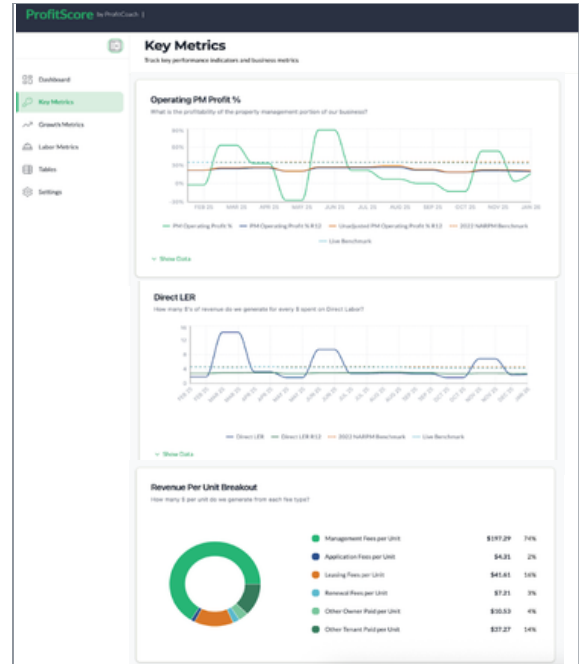
April 2026

The Problem: Operating in a Vacuum

Most businesses rely on metrics that don't tell the full story:

- **Internal metrics** only show your history.
- **Anecdotal wins** create a false sense of security.
- **Arbitrary goals** lack market reality

"We're getting better each month!"
But better than before doesn't mean best-in-class.



The Foundation of a High-Performing PM Company

Benchmark-Driven Business Performance allows you to:

Measure

performance relative to validated external benchmarks

Identify

competitive gaps and improvement levers

Align

strategy around industry-proven performance metrics

This report is built on real financial data from PM companies nationwide and is designed to answer one question:

What actually drives profitability in property management?

1. Profitability

Average Profitability		
2019	2022	2025
6%	11%	16.5%

Benchmark Profitability		
2019	2022	2025
25%	32%	35%

Why it matters: It often is NOT the bottom line, but it SHOULD be.

2. Direct Labor Efficiency Ratio (DLER)

Average DLER		
2019	2022	2025
2.63	2.91	3.38

Benchmark DLER		
2019	2022	2025
3.42	3.96	4.51

The "Desert Island" Metric measures how much revenue is generated for every dollar spent on direct labor.

The 3 P's of Improving DLER

Pay
Compensation Structure

Productivity
Process & Systems

Pricing
Fee Structure

Occupancy, Profit, and Labor

Occupancy Rate	Profit %	DLER	MLER	TLER
<80%	9.19%	2.97	3.49	1.86
80-85%	1.81%	2.74	3.27	1.73
85-90%	12.53%	3.09	4.02	1.95
90-95%	17.31%	3.45	3.89	2.05
95%+	18.19%	3.33	3.89	2.03
ALL	13.33%	3.19	3.81	1.96

Peak Efficiency: 90–95%

This range delivers the highest sustainable profit margins (17.31%) by strictly balancing revenue flow with manageable maintenance and turnover labor.

Diminishing Returns: >95%

The increase in profit is minimal (0.88%). Reaching near-perfect occupancy generally requires additional labor, which can reduce DLER.

3. Revenue Per Unit (RPU)

Average RPU		
2019	2022	2025
\$189	\$222	\$291

Benchmark RPU		
2019	2022	2025
\$282	\$317	\$335

Why it matters: A 10% increase in RPU can easily produce a 100% increase in profit.

Rule of Thumb

10-14%
of AVG rents over \$2,000

15-19%
of AVG rents \$1,000-\$2,000

19-24%
of AVG rents under \$1,000

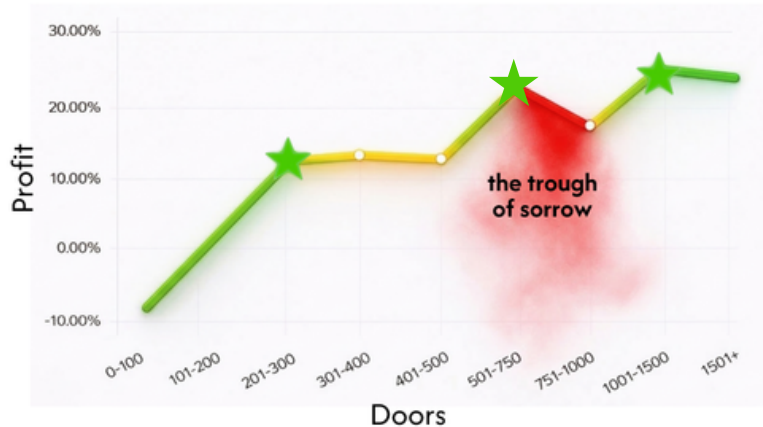
4. Expenses as % of Revenue

Average Exp as % of Rev

2019	2022	2025
26%	25%	23.3%

Benchmark Exp as % of Rev

2019	2022	2025
18%	17.3%	17.4%



Scaling isn't linear. There are specific "zones" where profitability dips due to the complexity of adding layers of management.

Below 500 doors

Management labor and overhead weigh heavily on the business.

Between 500 - 750 doors

Optimal place to sit. You've reached enough scale to be efficient, but not so much that complexity starts eroding performance.

Between 750-1000 doors

Labor efficiency dips, creating a scaling valley.

1000+ doors

Economies of scale begin to drive meaningful profitability.

5. Churn

Average Churn

2019	2022	2025
25%	19.5%	14.7%

Benchmark Churn

2019	2022	2025
12%	9.6%	7.4%

<5% churn often means you are over-servicing clients (low DLER). **10-15% churn** yields the highest profit (18.90%). **>20% churn** forces you to overspend on sales to replace doors.

6. Unit Acquisition Cost (UAC)

Average UAC	
2022	2025
\$1,666	\$1,063

Benchmark UAC		
2019	2022	2025
\$341	\$769	\$988

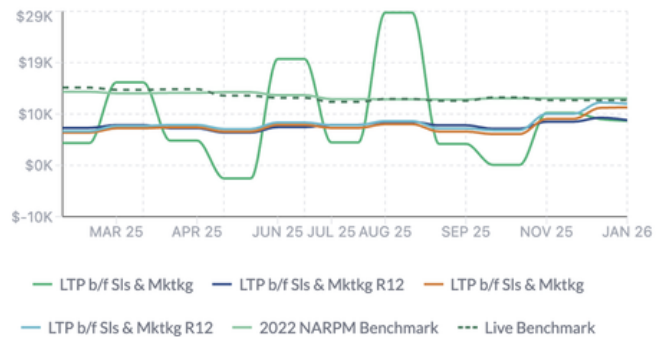
Why it matters: More advertising dollars doesn't necessarily mean more growth. The ultimate metric is LTP:UAC (Lifetime Profit of a Unit to Unit Acquisition Cost).

Lifetime profit of a unit
(unit lifetime in months x monthly profit per unit, excluding UAC)

UAC

Lifetime Profit

How much profit will each unit generate over its lifetime (before sales & marketing)?



Additional Insights

Higher Rents Lease Faster

Our data shows a strong correlation where high-occupancy portfolios also command higher average rents:

- \$2,073 for 90-95%
- vs \$1,479 for <80%)

This suggests premium units are actually easier to keep filled.

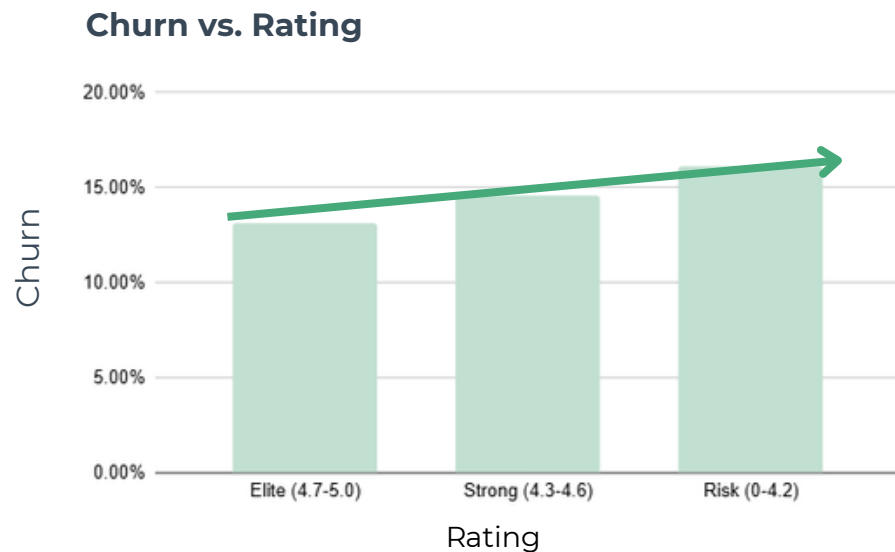
Rent and Occupancy Rate



Reputation and its correlation to profit

The number of online reviews did not play a significant role on performance metrics. **What did play a role was the rating.**

There is a direct correlation between Google rating and unit churn.



How the Best PM Companies Win!

- Profitability is not random; it is metric-driven and predictable
- Small changes in RPU and labor efficiency create outsized impact on profitability.
- Growth alone doesn't guarantee success; structure and timing matter
- High churn quietly erodes performance and increases the cost of growth
- Top-performing companies don't rely on one metric, they optimize across multiple KPIs

The 2026 State of Financial Performance in Property Management

Insights from Top-Performing PM Companies

**Build a highly profitable,
self-managing company today!**

Let's talk!

