

RESIDENTIAL PROPERTY DEVELOPER KPIs

Why use KPIs to monitor your residential property development business?

Simply put, by setting and tracking the key financials in your business, you are able to take more control over your developments and off-set risk.

Key performance indicators (KPIs) are a great way to benchmark financial and non-financial performance by monitoring and responding to those areas of the business that may be susceptible to greater levels of risk.

Three financial KPI calculations for residential property developers

1 Profit on gross development value (GDV)
 $\text{GDV (\%)} = \frac{\text{Gross Profit Figure}}{\text{Revenue Expected BEFORE Costs}}$

2 Profit on Cost
 $\text{PoC} = \frac{\text{Gross Profit Figure}}{\text{Total Development Cost}}$

3 Internal Rate of Return (IRR)
IRR = the value the project generates during the time period in which the project runs OR you own it

Other common Residential Property Developer KPIs

Although we've only considered three of the most common financial KPI calculations for property developers, there are a number of other financial and non-financial KPIs that a property developer may wish to monitor. These may include:

- Cost vs. budget
- Project progress relative to milestones
- Number of complaints
- Number of incidents/accidents
- The number of defects
- The number of variations.
- The number of working hours spent on different aspects of the works
- The use of materials (for example, the amount of concrete poured)
- The amount of waste generated and the amount of recycling

Whichever combination of KPIs you choose to monitor, it should not be underestimated about how powerful these insights can be to property developers of all sizes in evaluating project accountability and driving sustainable business growth.



Lucy Mangan
Residential Property Developer Partner
+44 (0)1784 497169
LMangan@menzies.co.uk
menzies.co.uk